

1.1 A bill for an act  
 1.2 relating to finance; providing an appropriation for emergencies; requiring reports  
 1.3 and recommendations to bring the state budget into compliance with generally  
 1.4 accepted governmental accounting principles; requiring disclosure of the impact  
 1.5 of inflation on state expenditures; requiring consultation on expenditure data;  
 1.6 requiring a report of cash flow for the general fund; providing continuing  
 1.7 appropriations for the operation of state government under certain conditions;  
 1.8 providing for an increase in the budget reserve to five percent of forecast net  
 1.9 general fund revenue; appropriating money; amending Minnesota Statutes 2004,  
 1.10 sections 9.061, subdivision 5; 16A.055, subdivision 1; 16A.103, subdivisions 1a,  
 1.11 1b, 1c, 1e; 16A.11, subdivision 2, by adding a subdivision; Minnesota Statutes  
 1.12 2005 Supplement, section 16A.152, subdivision 2; proposing coding for new law  
 1.13 in Minnesota Statutes, chapter 16A.

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

1.15 Section 1. Minnesota Statutes 2004, section 9.061, subdivision 5, is amended to read:

1.16 Subd. 5. **Spending power.** Where an emergency exists the Executive Council  
 1.17 may expend money as necessary therefor ~~within the limit of appropriations made to the~~  
 1.18 ~~council for this purpose~~, but not to exceed \$3,000,000 in any fiscal year, and that amount  
 1.19 is annually appropriated from the general fund for this purpose.

1.20 Sec. 2. Minnesota Statutes 2004, section 16A.055, subdivision 1, is amended to read:

1.21 Subdivision 1. **List.** (a) The commissioner shall:

1.22 (1) receive and record all money paid into the state treasury and safely keep it until  
 1.23 lawfully paid out;

1.24 (2) manage the state's financial affairs;

(3) keep the state's general account books according to generally accepted  
 1.26 government accounting principles;

2.1 (4) keep expenditure and revenue accounts according to generally accepted  
2.2 government accounting principles;

2.3 (5) develop, provide instructions for, prescribe, and manage a state uniform  
2.4 accounting system;

2.5 (6) provide to the state the expertise to ensure that all state funds are accounted for  
2.6 under generally accepted government accounting principles; and

2.7 (7) coordinate the development of, and maintain standards for, internal auditing in  
2.8 state agencies and, in cooperation with the commissioner of administration, report to the  
2.9 legislature and the governor by January 31 of odd-numbered years, on progress made.

2.10 (b) The commissioner shall report to the legislature by January 15 each year any  
2.11 laws that require the state's general fund budget not to be reported according to generally  
2.12 accepted government accounting principles.

2.13 Sec. 3. Minnesota Statutes 2004, section 16A.103, subdivision 1a, is amended to read:

2.14 Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of  
2.15 current laws and reasonable estimates of projected growth in the national and state  
2.16 economies and affected populations. Revenue must be estimated for all sources provided  
2.17 for in current law. Expenditures must be estimated for all obligations imposed by law and  
2.18 those projected to occur as a result of inflation and variables outside the control of the  
2.19 legislature. ~~Expenditure estimates must not include an allowance for inflation.~~

2.20 Sec. 4. Minnesota Statutes 2004, section 16A.103, subdivision 1b, is amended to read:

2.21 Subd. 1b. **Forecast variable.** In determining the rate of inflation, the application  
2.22 of inflation, the amount of state bonding as it affects debt service, the calculation of  
2.23 investment income, and the other variables to be included in the expenditure part of the  
2.24 forecast, the commissioner must consult with the chairs and lead minority members of the  
2.25 senate ~~State Government~~ Finance Committee and the house Ways and Means Committee,  
2.26 and legislative fiscal staff. This consultation must occur at least three weeks before the  
2.27 forecast is to be released. No later than two weeks prior to the release of the forecast,  
2.28 the commissioner must inform the chairs and lead minority members of the senate  
2.29 ~~State Government~~ Finance Committee and the house Ways and Means Committee, and  
2.30 legislative fiscal staff of any changes in these variables from the previous forecast.

2.31 Sec. 5. Minnesota Statutes 2004, section 16A.103, subdivision 1c, is amended to read:

2.32 Subd. 1c. **Expenditure data.** State agencies must submit any revisions in  
2.33 expenditure data the commissioner determines necessary for the forecast to the

3.1 commissioner at least four weeks prior to the release of the forecast. The commissioner  
3.2 shall make the information submitted by state agencies and any modifications to that  
3.3 information made by the commissioner ~~must be made~~ available to legislative fiscal staff,  
3.4 and shall consult with legislative staff about the meaning of the information, no later than  
3.5 three weeks prior to the release of the forecast.

3.6 Sec. 6. Minnesota Statutes 2004, section 16A.103, subdivision 1e, is amended to read:

3.7 Subd. 1e. **Economic information.** The commissioner must review economic  
3.8 information including economic forecasts with legislative fiscal staff no later than two  
3.9 weeks before the forecast is released. The commissioner must invite the chairs and lead  
3.10 minority members of the senate ~~State Government~~ Finance Committee and the house  
3.11 Ways and Means Committee, and legislative fiscal staff to attend any meetings held with  
3.12 outside economic advisors. The commissioner must provide legislative fiscal staff with  
3.13 monthly economic forecast information received from outside sources.

3.14 Sec. 7. [16A.107] CASH FLOW FORECAST.

3.15 Within two weeks after the November forecast of state revenue and expenditures  
3.16 under section 16A.103, the commissioner shall deliver to the governor and the legislature  
3.17 a forecast of cash flow for the general fund, showing the expected maximum and minimum  
3.18 cash balance in the fund for each month of the forecast period.

3.19 Sec. 8. Minnesota Statutes 2004, section 16A.11, subdivision 2, is amended to read:

3.20 Subd. 2. **Part one: message.** Part one of the budget, the governor's message,  
3.21 shall include the governor's recommendations on the financial policy of the state for the  
3.22 coming biennium, describing the important features of the budget plan, embracing a  
3.23 general budget summary setting forth the aggregate figures of the budget so as to show  
3.24 the balanced relation between the total proposed expenditures and the total anticipated  
3.25 income, with the basis and factors on which the estimates are made, the amount to be  
3.26 borrowed, and other means of financing the budget for the coming biennium, compared  
3.27 with the corresponding figures for at least the last two completed fiscal years and the  
3.28 current year. The budget plan must include recommendations on how to bring the budget  
3.29 into compliance with generally accepted governmental accounting principles. The  
3.30 budget plan shall be supported by explanatory schedules or statements, classifying its  
3.31 expenditures by agencies and funds, and the income by agencies, sources, funds, and the  
3.32 proposed amount of new borrowing, as well as proposed new tax or revenue sources. The  
3.33 budget plan shall be submitted for all special and dedicated funds, as well as the general

4.1 fund, and shall include the estimated amounts of federal aids, for whatever purpose  
 4.2 provided, together with estimated expenditures from them.

4.3 Sec. 9. Minnesota Statutes 2004, section 16A.11, is amended by adding a subdivision  
 4.4 to read:

4.5 Subd. 3d. **Budget bills.** The necessary bills to implement the governor's operating  
 4.6 budget must be submitted to the legislature within two weeks after the operating budget  
 4.7 was submitted. The necessary bills to implement the governor's capital budget must be  
 4.8 submitted to the legislature within two weeks after the capital budget was submitted.

4.9 Sec. 10. [16A.117] CONTINUING APPROPRIATIONS.

4.10 If no biennial direct appropriations for a given state agency are enacted before  
 4.11 July 1 of an odd-numbered year, amounts sufficient to continue operation of that agency  
 4.12 through the fiscal year ending June 30 of the next even-numbered year at the base level  
 4.13 for that next fiscal year, as determined according to section 16A.11, subdivision 3, and  
 4.14 previous appropriation acts, are appropriated to the agency from the appropriate funds and  
 4.15 accounts in the state treasury. The base level for an appropriation that was designated as  
 4.16 onetime or was onetime in nature is zero.

4.17 Sec. 11. Minnesota Statutes 2005 Supplement, section 16A.152, subdivision 2, is  
 4.18 amended to read:

4.19 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general  
 4.20 fund revenues and expenditures, the commissioner of finance determines that there will be  
 4.21 a positive unrestricted budgetary general fund balance at the close of the biennium, the  
 4.22 commissioner of finance must allocate money to the following accounts and purposes in  
 4.23 priority order:

4.24 (1) the cash flow account established in subdivision 1 until that account reaches  
 4.25 \$350,000,000;

4.26 (2) the budget reserve account established in subdivision 1a until that account  
 4.27 reaches ~~\$653,000,000~~ five percent of forecast net general fund revenue for the biennium;

4.28 (3) the amount necessary to increase the aid payment schedule for school district  
 4.29 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the  
 4.30 nearest tenth of a percent without exceeding the amount available and with any remaining  
 4.31 funds deposited in the budget reserve; and

4.32 (4) the amount necessary to restore all or a portion of the net aid reductions under  
 4.33 section 127A.441 and to reduce the property tax revenue recognition shift under section

5.1 123B.75, subdivision 5, paragraph (c), and Laws 2003, First Special Session chapter 9,  
5.2 article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section  
5.3 20, by the same amount.

5.4 (b) The amounts necessary to meet the requirements of this section are appropriated  
5.5 from the general fund within two weeks after the forecast is released or, in the case of  
5.6 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations  
5.7 schedules otherwise established in statute.

5.8 (c) To the extent that a positive unrestricted budgetary general fund balance is  
5.9 projected, appropriations under this section must be made before section 16A.1522 takes  
5.10 effect.

5.11 (d) The commissioner of finance shall certify the total dollar amount of the  
5.12 reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The  
5.13 commissioner of education shall increase the aid payment percentage and reduce the  
5.14 property tax shift percentage by these amounts and apply those reductions to the current  
5.15 fiscal year and thereafter.

1.1 Senator ..... moves to amend S.F. No. 2722 as follows:

1.2 Page 4, delete section 10 and insert:

1.3 "Sec. 10. [16A.117] CONTINUING APPROPRIATIONS.

1.4 If a major appropriation bill to fund a given state agency for the next biennium is not  
1.5 enacted before July 1 of an odd-numbered year, amounts sufficient to continue operation  
1.6 of that agency and the programs administered by that agency through the fiscal year  
1.7 ending June 30 of the next even-numbered year at the base level for that next fiscal year,  
1.8 as determined according to section 16A.11, subdivision 3, and previous appropriation  
1.9 acts, are appropriated to the agency from the appropriate funds and accounts in the  
1.10 state treasury. The base level for an appropriation that was designated as onetime or  
1.11 was onetime in nature is zero."

1.1 Senator ..... moves to amend S.F. No. 2722 as follows:

1.2 Page 1, after line 19, insert:

1.3 "EFFECTIVE DATE. This section is effective July 1, 2007."

- 1.1 Senator ..... moves to amend S.F. No. 2722 as follows:
- 1.2 Page 4, delete section 11
- 1.3 Renumber the sections in sequence and correct the internal references
- 1.4 Amend the title accordingly



1.1 Senator ..... moves to amend S.F. No. 2722 as follows:

1.2 Page 1, delete section 1 and insert:

1.3 "Section 1. Minnesota Statutes 2004, section 9.061, subdivision 5, is amended to  
1.4 read:

1.5 Subd. 5. **Spending power.** ~~Where~~ When the governor has declared under section  
1.6 12.31 that an emergency exists, the Executive Council, after consulting with the  
1.7 Legislative Advisory Commission under section 3.30, may expend money as necessary  
1.8 therefor within the limit of appropriations made to the council for this purpose, but not  
1.9 to exceed \$3,000,000 in any fiscal year, and that amount is annually appropriated from  
1.10 the general fund for this purpose.

1.11 **EFFECTIVE DATE.** This section is effective July 1, 2007."

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and Fiscal Analysis**

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**State of Minnesota**

**S.F. No. 2722 - Budget Reform**

**Author:** Senator Richard J. Cohen

**Prepared by:** Peter S. Wattson, Senate Counsel (651/296-3812) *PSW*

**Date:** March 2, 2006

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**S.F. No. 2722** reforms the state budget process in a number of ways. Among other things, it:

1. Provides an annual appropriation to the Executive Council for emergencies.
2. Moves the general fund budget toward being reported in accordance with generally accepted accounting principles.
3. Reinstates inflation to the budget forecast.
4. Provides continuing appropriations to continue state services in the event of a budget deadlock.
5. Provides for a future increase in the budget reserve.

**Section 1** appropriates \$3 million each year to the Executive Council to spend in an emergency.

From 1953 to 1959, the Executive Council was authorized to spend up to \$200,000 each fiscal year for emergencies. In 1959, the amount was raised to \$1.5 million, and in 1965 to \$2 million. The appropriation was stricken in 1981 by the State Government appropriations bill, which appropriated more than \$3 million each year to the general contingent account. The general contingent appropriation in the 2005 State Government bill was \$500,00 for the biennium.

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March 2, 2006  
Page 2

**Section 2** requires the Commissioner of Finance to report to the Legislature by January 15 each year any laws that require the state's general fund budget not to be reported in accordance with generally accepted governmental accounting principles.

**Section 3** strikes the prohibition against including an allowance for inflation in the expenditure forecast.

Inflation had normally been included in state expenditure forecasts since forecasts began in the mid-1970s. Inflation was omitted by the Commissioner of Finance from the forecast in 1991, but restored in 1992. Laws 1994, ch. 587, art. 7, § 2, required that it always be included. That continued until the budget crisis of 2002, when Laws 2002, ch. 220, art. 13, §§ 1-2, required that "[e]xpenditure estimates must not include an allowance for inflation."

**Section 4** restores a reference to inflation in the budget forecast and updates references to the Senate Finance Committee.

**Section 5** requires the Commissioner of Finance to consult with legislative staff about the meaning of expenditure information submitted by state agencies in connection with the budget forecast.

**Section 6** updates a reference to the Senate Finance Committee.

**Section 7** requires the Commissioner of Finance to deliver to the Governor and the Legislature a forecast of general fund cash flow within two weeks after each November budget forecast.

**Section 8** requires the Governor to recommend, as part of the biennial budget message, how to bring the budget into compliance with generally accepted governmental accounting principles.

**Section 9** requires the Governor to submit to the Legislature the necessary bills to implement the Governor's budget recommendations within two weeks after the recommendations were submitted.

**Section 10** provides for continuing appropriations to keep state agencies operating for one fiscal year in the event of a budget deadlock. The continuing appropriation enacted in Laws 2005, First Sp. Sess. ch. 2, was for only two weeks, not a full fiscal year.

**Section 11** increases the ceiling on the budget reserve from \$653 million to five percent of forecast net general fund revenue for the biennium, which would be about \$1.57 billion under the current forecast. This change would cause an addition to the budget reserve to be made when a future budget forecast showed a surplus for the end of the biennium.

PSW:ph

cc: Matt Massman

## A bill for an act

1.2 relating to retirement; Minneapolis Teachers Retirement Fund Association and  
1.3 expanded list plans; clarifying mutual fund authority; revising investment  
1.4 authority to exclude below-investment grade bonds; amending Minnesota  
1.5 Statutes 2004, sections 3A.01, subdivisions 1, 2, 6, 8, by adding subdivisions;  
1.6 3A.011; 3A.02, subdivisions 1, 1b, 3, 4, 5; 3A.03, subdivisions 1, 2; 3A.04,  
1.7 subdivisions 1, 2, 3, 4, by adding a subdivision; 3A.05; 3A.07; 3A.10,  
1.8 subdivision 1; 3A.12; 3A.13; 6.72; 136F.45, subdivision 1a; 352.04, subdivisions  
1.9 2, 3; 352.113, subdivision 7a; 352.116, subdivisions 3a, 3b; 352.90; 352.91,  
1.10 subdivisions 1, 2, 3c, 3d, 3e, 3f, 3g, by adding subdivisions; 352.92, subdivisions  
1.11 1, 2; 352B.02, subdivisions 1a, 1c; 352C.091, subdivision 1; 352C.10; 352D.02,  
1.12 subdivision 1; 352D.04, subdivision 2; 352F.04; 353.01, subdivisions 2a, 11a,  
1.13 11b, 12, 16, by adding a subdivision; 353.03, subdivisions 1, 1a, by adding a  
1.14 subdivision; 353.27, subdivisions 7, 7a, 7b; 353.29, subdivision 8; 353.30,  
1.15 subdivisions 3a, 3b; 353.32, subdivisions 1a, 1b; 353.33, subdivisions 1, 9;  
1.16 353.34, subdivision 1; 353.656, subdivisions 3, 4, 6a; 353D.01, subdivision 2;  
1.17 353D.02, subdivision 3; 353E.02, subdivision 3; 353F.04; 354.45, subdivision  
3 1a; 354A.08; 354A.28, subdivision 5; 354A.32, subdivision 1a; 354D.05;  
1.19 355.01, subdivision 3g; 355.02, subdivisions 1, 3, by adding subdivisions;  
1.20 356.219, subdivisions 3, 6; 356.24, subdivision 1; 422A.05, subdivision 2c;  
1.21 422A.06, subdivisions 3, 5, 8; 422A.101, subdivision 3; 423B.07; 424A.001,  
1.22 by adding a subdivision; 424A.02, subdivision 8b; 424A.05, subdivision 3;  
1.23 490.121, subdivisions 1, 6, 7, 13, 14, 15, 22, by adding subdivisions; 490.122;  
1.24 490.123, subdivisions 1, 1a, 1b, 1c, 2, 3; 490.124, subdivisions 1, 2, 3, 4, 5, 8,  
1.25 9, 10, 11, 12, 13; 490.125, subdivisions 1, 2; 490.126, as amended; 490.133;  
1.26 525.05; Minnesota Statutes 2005 Supplement, sections 353.01, subdivision 2d;  
1.27 353.28, subdivision 6; 353.656, subdivision 1; 353F.02, subdivision 4; 356A.06,  
1.28 subdivision 7; 422A.06, subdivision 7; 423B.09, subdivision 1; 490.121,  
1.29 subdivision 4; Laws 2004, chapter 267, article 8, section 41; proposing coding for  
1.30 new law in Minnesota Statutes, chapters 352; 352C; 353; 355; proposing coding  
1.31 for new law as Minnesota Statutes, chapter 490A; repealing Minnesota Statutes  
1.32 2004, sections 3A.01, subdivisions 3, 4, 6a, 7; 3A.02, subdivision 2; 3A.04,  
1.33 subdivision 1a; 3A.09; 43A.34, subdivision 1; 352C.01; 352C.011; 352C.021,  
1.34 subdivisions 1, 2, 3, 4, 5, 6, 7; 352C.031, subdivisions 1, 2, 4, 5, 6; 352C.033;  
352C.04; 352C.051; 352C.09; 352C.091, subdivisions 2, 3; 490.021; 490.025;  
1.36 490.101; 490.102; 490.103; 490.105; 490.106; 490.107; 490.108; 490.109;  
1.37 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, 19;

2.1 490.124, subdivision 6; 490.132; 490.15; 490.16; 490.18; Minnesota Statutes  
2.2 2005 Supplement, sections 352C.021, subdivision 1a; 490.121, subdivision 20.

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

2.4 **ARTICLE 1**

2.5 **MINNESOTA STATE RETIREMENT SYSTEM**

2.6 **CONTRIBUTION INCREASES**

2.7 Section 1. Minnesota Statutes 2004, section 352.04, subdivision 2, is amended to read:

2.8 Subd. 2. **Employee contributions.** The employee contribution to the fund must be  
2.9 equal to ~~4.0~~ the following percent of salary:

2.10	<u>before July 1, 2007</u>	<u>4.00</u>
2.11	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
2.12	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
2.13	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
2.14	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

2.15 These contributions must be made by deduction from salary as provided in  
2.16 subdivision 4.

2.17 Sec. 2. Minnesota Statutes 2004, section 352.04, subdivision 3, is amended to read:

2.18 Subd. 3. **Employer contributions.** The employer contribution to the fund must be  
2.19 equal to ~~4.0~~ the following percent of salary:

2.20	<u>before July 1, 2007</u>	<u>4.00</u>
2.21	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
2.22	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
2.23	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
2.24	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

2.25 **Sec. 3. [352.045] PROCEDURE FOR REVISING EMPLOYEE AND**  
2.26 **EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.**

2.27 Subdivision 1. Application. This section applies to the general state employees  
2.28 retirement plan and the correctional state employees retirement plan under this chapter,  
2.29 and to the state patrol retirement plan under chapter 352B.

3.1            Subd. 2. Determination. For purposes of this section, a contribution sufficiency  
3.2 exists if, for purposes of the applicable plan, the total of the employee contributions,  
3.3 the employer contributions, and any additional employer contributions, if applicable,  
3.4 exceeds the total of the normal cost, the administrative expenses, and the amortization  
3.5 contribution of the retirement plan as reported in the most recent actuarial valuation of the  
3.6 retirement plan prepared by the actuary retained under section 356.214 and prepared under  
3.7 section 356.215 and the standards for actuarial work of the Legislative Commission on  
3.8 Pensions and Retirement. For purposes of this section, a contribution deficiency exists  
3.9 if, for the applicable plan, the total employee contributions, employer contributions, and  
3.10 any additional employer contributions are less than the total of the normal cost, the  
3.11 administrative expenses, and the amortization contribution of the retirement plan as  
3.12 reported in the most recent actuarial valuation of the retirement plan prepared by the  
3.13 actuary retained under section 356.214 and prepared under section 356.215 and the  
3.14 standards for actuarial work of the Legislative Commission on Pensions and Retirement.

3.15            Subd. 3. Contribution rate revision. Notwithstanding the contribution rate  
3.16 provisions stated in plan law, the employee and employer contribution rates must be  
3.17 adjusted:

3.18            (1) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under  
3.19 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal  
3.20 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee  
3.21 and employer contribution rates for the applicable plan must be decreased as determined  
3.22 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of  
3.23 covered payroll based on the most recent actuarial valuation; or

3.24            (2) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under  
3.25 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of  
3.26 covered payroll for two consecutive years, the employee and employer contribution rates  
3.27 for the applicable plan must be increased as determined under subdivision 4 to a level such  
3.28 that no deficiency exists based on the most recent actuarial valuation.

3.29            Subd. 4. Reporting, commission review. (a) The contribution rate increase or  
3.30 decrease must be determined by the executive director of the Minnesota State Retirement  
3.31 System, must be reported to the chair and the executive director of the Legislative  
3.32 Commission on Pensions and Retirement on or before the next February 1, and, if the  
3.33 Legislative Commission on Pensions and Retirement does not recommend against the  
3.34 rate change or does not recommend a modification in the rate change, is effective on the  
3.35 next July 1 following the determination by the executive director that a contribution  
3.36 deficiency or sufficiency has existed for two consecutive fiscal years based on the most

4.1 recent actuarial valuations under section 356.215. If the actuarially required contribution  
 4.2 exceeds or is less than the total support provided by the combined employee and employer  
 4.3 contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the  
 4.4 applicable plan employee and employer contribution rates must be adjusted incrementally  
 4.5 over one or more years to a level such that there remains a contribution sufficiency of no  
 4.6 more than 0.25 percent of covered payroll.

4.7 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the  
 4.8 employee or employer contribution rates per year in which any adjustment is implemented.  
 4.9 For an applicable plan, a contribution rate adjustment under this section must not be  
 4.10 made until at least two years have passed since fully implementing a previous adjustment  
 4.11 under this section.

4.12 Sec. 4. Minnesota Statutes 2004, section 352.92, subdivision 1, is amended to read:

4.13 Subdivision 1. **Employee contributions.** Employee contributions of covered  
 4.14 correctional employees must be in an amount equal to ~~5.69~~ the following percent of salary:

4.15	<u>before July 1, 2007</u>	<u>5.69</u>
4.16	<u>from July 1, 2007, to June 30, 2008</u>	<u>6.40</u>
4.17	<u>from July 1, 2008, to June 30, 2009</u>	<u>7.00</u>
4.18	<u>from July 1, 2009, to June 30, 2010</u>	<u>7.70</u>
4.19	<u>from July 1, 2010, and thereafter</u>	<u>8.60.</u>

4.20 These contributions must be made by deduction from salary as provided in section  
 4.21 352.04, subdivision 4.

4.22 Sec. 5. Minnesota Statutes 2004, section 352.92, subdivision 2, is amended to read:

4.23 Subd. 2. **Employer contributions.** The employer shall contribute for covered  
 4.24 correctional employees an amount equal to ~~7.98~~ the following percent of salary:

4.25	<u>before July 1, 2007</u>	<u>7.98</u>
4.26	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
4.27	<u>from July 1, 2008, to June 30, 2009</u>	<u>10.10</u>
4.28	<u>from July 1, 2009, to June 30, 2010</u>	<u>11.10</u>
4.29	<u>from July 1, 2010, and thereafter</u>	<u>12.10.</u>

4.30 Sec. 6. Minnesota Statutes 2004, section 352B.02, subdivision 1a, is amended to read:

5.1 Subd. 1a. **Member contributions.** Each member shall pay a sum equal to ~~8.40~~ the  
 5.2 following percent of the member's salary, which shall constitute the member contribution  
 5.3 to the fund:

5.4	<u>before July 1, 2007</u>	<u>8.40</u>
5.5	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
5.6	<u>from July 1, 2008, to June 30, 2009</u>	<u>9.80</u>
5.7	<u>from July 1, 2009, and thereafter</u>	<u>10.40.</u>

5.8 These contributions must be made by deduction from salary as provided in section  
 5.9 352.04, subdivision 4.

5.10 Sec. 7. Minnesota Statutes 2004, section 352B.02, subdivision 1c, is amended to read:

5.11 Subd. 1c. **Employer contributions.** In addition to member contributions,  
 5.12 department heads shall pay a sum equal to ~~12.60~~ the following percent of the salary upon  
 5.13 which deductions were made, which shall constitute the employer contribution to the fund:

5.14	<u>before July 1, 2007</u>	<u>12.60</u>
5.15	<u>from July 1, 2007, to June 30, 2008</u>	<u>13.60</u>
5.16	<u>from July 1, 2008, to June 30, 2009</u>	<u>14.60</u>
5.17	<u>from July 1, 2009, and thereafter</u>	<u>15.60.</u>

5.18 Department contributions must be paid out of money appropriated to departments  
 5.19 for this purpose.

5.20 Sec. 8. Minnesota Statutes 2004, section 352D.04, subdivision 2, is amended to read:

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

5.23 (b) The employee contribution is an amount equal to ~~the employee contribution~~  
 5.24 ~~specified in section 352.04, subdivision 2~~ four percent of salary.

5.25 (c) The employer contribution is an amount equal to six percent of salary.

5.26 (d) These contributions must be made in the manner provided in section 352.04,  
 5.27 subdivisions 4, 5, and 6.

5.28 (e) For members of the legislature, the contributions under this subdivision also must  
 5.29 be made on per diem payments received during a regular or special legislative session, but  
 5.31 may not be made on per diem payments received outside of a regular or special legislative  
 session, on the additional compensation attributable to a leadership position under section



6.1 3.099, subdivision 3, living expense payments under section 3.101, or special session  
6.2 living expense payments under section 3.103.

6.3 (f) For a judge who is a member of the unclassified plan under section 352D.02,  
6.4 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent  
6.5 of salary, and there is no employer contribution.

6.6 **Sec. 9. EFFECTIVE DATE.**

6.7 (a) Sections 1, 2, 3, and 8 are effective July 1, 2007.

6.8 (b) Sections 4, 5, 6, and 7 are effective July 1, 2006.

6.9 **ARTICLE 2**

6.10 **MSRS-CORRECTIONAL RETIREMENT PLAN INCLUSIONS**

6.11 Section 1. Minnesota Statutes 2004, section 352.90, is amended to read:

6.12 **352.90 POLICY.**

6.13 It is the policy of the legislature to provide special retirement benefits for and special  
6.14 contributions for by certain correctional employees who may be required to retire at  
6.15 an early age because they lose the mental or physical capacity required to maintain the  
6.16 safety, security, discipline, and custody of inmates at state correctional facilities or of  
6.17 patients at the Minnesota Security Hospital ~~or at~~ of patients in the Minnesota Sexual  
6.18 ~~Psychopathic Personality Treatment Center~~ Sex Offender Program, or of patients in the  
6.19 Minnesota extended treatment options ~~on-campus program at the Cambridge Regional~~  
6.20 ~~Human Services Center.~~

6.21 Sec. 2. Minnesota Statutes 2004, section 352.91, subdivision 1, is amended to read:

6.22 Subdivision 1. **Qualifying jobs.** "Covered correctional service" means service  
6.23 performed by a state employee, as defined in section 352.01, employed at a state  
6.24 correctional facility, the Minnesota Security Hospital, or the Minnesota ~~Sexual~~  
6.25 ~~Psychopathic Personality Treatment Center~~ Sex Offender Program as:

- 6.26 (1) a corrections officer 1;  
6.27 (2) a corrections officer 2;  
6.28 (3) a corrections officer 3;  
6.29 (4) a corrections officer supervisor;  
6.30 (5) a corrections ~~officer 4~~ lieutenant;  
6.31 (6) a corrections captain;  
6.32 (7) a security counselor; ~~or~~

7.1 (8) a security counselor lead; or

7.2 (9) a corrections canine officer.

7.3 Sec. 3. Minnesota Statutes 2004, section 352.91, subdivision 2, is amended to read:

7.4 Subd. 2. **Maintenance, correctional industry, and trades.** "Covered correctional  
7.5 service" also means service rendered at any time by state employees as maintenance  
7.6 personnel ~~and~~, correctional industry personnel, or members of trades certified by the  
7.7 commissioner of employee relations to the executive director as being ~~regularly~~ engaged  
7.8 for at least 75 percent of the employee's working time in the rehabilitation, treatment,  
7.9 custody, or supervision of inmates at a Minnesota correctional facility, or of patients at  
7.10 the Minnesota Security Hospital or at the Minnesota ~~Sexual Psychopathic Personality~~  
7.11 ~~Treatment Center~~ Sex Offender Program.

7.12 Sec. 4. Minnesota Statutes 2004, section 352.91, subdivision 3c, is amended to read:

7.13 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by  
7.14 a state employee in one of the employment positions at a correctional facility or at the  
7.15 Minnesota Security Hospital, or in the Minnesota Sex Offender Program that are specified  
7.16 in paragraph (b), provided that if at least 75 percent of the employee's working time is  
7.17 spent in direct contact with inmates or patients and the fact of this direct contact is certified  
7.18 to the executive director by the appropriate commissioner, ~~unless the person elects to~~  
7.19 ~~retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.~~

7.20 (b) The employment positions are as follows:

7.21 (1) registered nurse - senior;

7.22 (2) registered nurse;

7.23 (3) registered nurse - principal;

7.24 (4) licensed practical nurse 2; and

7.25 (5) registered nurse ~~practitioner~~ advance practice.

7.26 Sec. 5. Minnesota Statutes 2004, section 352.91, subdivision 3d, is amended to read:

7.27 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means  
7.28 service by a state employee in one of the employment positions at a correctional facility or  
7.29 at the Minnesota Security Hospital specified in paragraph (b), ~~provided that if~~ at least 75  
7.30 percent of the employee's working time is spent in direct contact with inmates or patients  
7.31 and the fact of this direct contact is certified to the executive director by the appropriate  
7.32 commissioner, ~~unless the person elects to retain the current retirement coverage under~~  
7.33 ~~Laws 1996, chapter 408, article 8, section 21.~~

8.1 (b) The employment positions are as follows: baker; central services administrative  
 8.2 specialist, intermediate; central services administrative specialist, principal; chaplain;  
 8.3 chemical dependency counselor supervisor; chief cook; cook; cook coordinator;  
 8.4 corrections behavior therapist, corrections behavior therapist specialist, corrections parent  
 8.5 education coordinator; corrections program therapist 1; corrections program therapist 2;  
 8.6 corrections program therapist 3; corrections inmate program coordinator; corrections  
 8.7 transitions program coordinator; corrections security caseworker; corrections security  
 8.8 caseworker career; corrections teaching assistant; delivery van driver; dentist; electrician  
 8.9 supervisor; general maintenance worker; general repair worker; laundry coordinator;  
 8.10 library/information research services specialist; library/information research services  
 8.11 specialist senior; library technician; plumber supervisor; psychologist 1; psychologist  
 8.12 3; recreation therapist; recreation therapist coordinator; recreation program assistant;  
 8.13 recreation therapist senior, stores clerk senior; sports medicine specialist; water treatment  
 8.14 plant operator, work therapy technician; work therapy assistant; work therapy program  
 8.15 coordinator; and work therapy technician.

8.16 (c) ~~"Covered correctional service" also means service as the director or as an~~  
 8.17 ~~assistant group supervisor of the Phoenix/Pomiga treatment/behavior change program of~~  
 8.18 ~~the Department of Corrections.~~

8.19 Sec. 6. Minnesota Statutes 2004, section 352.91, subdivision 3e, is amended to read:

8.20 Subd. 3e. **Minnesota extended treatment options program; Cambridge.** (a)  
 8.21 "Covered correctional service" means service by a state employee in one of the following  
 8.22 employment positions with the Minnesota extended treatment options ~~on-campus~~ program  
 8.23 ~~at the Cambridge Regional Human Services Center~~ specified in paragraph (b) if at least 75  
 8.24 percent of the employee's working time is spent in direct contact with patients who are  
 8.25 in the Minnesota extended treatment options program and if service in such a position  
 8.26 is certified to the executive director by the commissioner of human services, ~~unless the~~  
 8.27 ~~person elects to retain current retirement coverage under section 6.~~

8.28 (b) The employment positions are:

8.29 (1) behavior analyst 1;

8.30 (2) behavior analyst 2;

8.31 (3) behavior analyst 3;

8.32 (4) group supervisor;

8.33 (5) group supervisor assistant;

8.34 (6) human services support specialist;

8.35 ~~(3)~~ (7) mental retardation residential program lead;

- 9.1 ~~(4)~~ (8) psychologist 2;
- 9.2 ~~(5)~~ (9) recreation program assistant;
- 9.3 ~~(6)~~ (10) recreation therapist senior;
- 9.4 ~~(7)~~ (11) registered nurse senior;
- 9.5 ~~(8)~~ (12) skills development specialist; and
- 9.6 ~~(9)~~ (13) social worker senior;
- 9.7 (14) social worker specialist; and
- 9.8 (15) speech pathology specialist.

9.9 Sec. 7. Minnesota Statutes 2004, section 352.91, subdivision 3f, is amended to read:

9.10 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered  
 9.11 correctional service" means service by a state employee in one of the employment  
 9.12 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota  
 9.13 ~~Sexual Psychopathic Personality Treatment Center, provided that~~ Sex Offender Program if  
 9.14 at least 75 percent of the employee's working time is spent in direct contact with patients  
 9.15 and the ~~fact~~ determination of this direct contact is certified to the executive director by the  
 9.16 commissioner of human services.

9.17 (b) The employment positions are:

- 9.18 (1) behavior analyst 2;
- 9.19 (2) ~~licensed practical nurse 1~~ behavior analyst 3;
- 9.20 (3) chemical dependency counselor senior;
- 9.21 (4) client advocate;
- 9.22 (5) dental assistant registered;
- 9.23 (6) group supervisor;
- 9.24 (7) group supervisor assistant;
- 9.25 (8) licensed practical nurse 1;
- 9.26 (9) occupational therapist;
- 9.27 (10) occupational therapist, senior;
- 9.28 (11) office and administrative specialist senior;
- 9.29 ~~(4)~~ (12) psychologist 1;
- 9.30 (13) psychologist 2;
- 9.31 ~~(5)~~ (14) psychologist 3;
- 9.32 (15) recreation program assistant;
- (16) recreation therapist senior;
- 9.34 (17) rehabilitation counselor senior;
- 9.35 (18) skills development specialist;

- 10.1 (19) social worker senior;  
 10.2 (20) social worker specialist;  
 10.3 ~~(6) behavior analyst 3~~ (21) social worker specialist, senior;  
 10.4 (22) speech pathology clinician;  
 10.5 (23) work therapy assistant; and  
 10.6 ~~(7) social worker senior~~ (24) work therapy program coordinator.

10.7 Sec. 8. Minnesota Statutes 2004, section 352.91, subdivision 3g, is amended to read:

10.8 Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered  
 10.9 correctional service" means service by a state employee in one of the employment  
 10.10 positions ~~at the designated Minnesota correctional facility~~ specified in paragraph (b) if at  
 10.11 least 75 percent of the employee's working time is spent in direct contact with inmates  
 10.12 and the ~~fact~~ determination of this direct contact is certified to the executive director by  
 10.13 the commissioner of corrections.

10.14 (b) The qualifying employment positions ~~and the designated correctional facilities~~  
 10.15 are:

10.16 (1) corrections discipline unit supervisor, ~~at the Minnesota Correctional~~  
 10.17 ~~Facility-Faribault, the Minnesota Correctional Facility-Lino Lakes, the Minnesota~~  
 10.18 ~~Correctional Facility-Oak Park Heights, the Minnesota Correctional Facility-Rush City,~~  
 10.19 ~~and the Minnesota Correctional Facility-St. Cloud;~~

10.20 (2) dental assistant registered, ~~at the Minnesota Correctional Facility-Faribault, the~~  
 10.21 ~~Minnesota Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose~~  
 10.22 ~~Lake, the Minnesota Correctional Facility-Oak Park Heights, and the Minnesota~~  
 10.23 ~~Correctional Facility-Red Wing;~~

10.24 (3) dental hygienist, ~~at the Minnesota Correctional Facility-Shakopee and the~~  
 10.25 ~~Minnesota Correctional Facility-Rush City;~~

10.26 (4) psychologist 2, ~~at the Minnesota Correctional Facility-Faribault, the Minnesota~~  
 10.27 ~~Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose Lake,~~  
 10.28 ~~the Minnesota Correctional Facility-Oak Park Heights, the Minnesota Correctional~~  
 10.29 ~~Facility-Red Wing, the Minnesota Correctional Facility-Rush City, the Minnesota~~  
 10.30 ~~Correctional Facility-St. Cloud, the Minnesota Correctional Facility-Shakopee, and the~~  
 10.31 ~~Minnesota Correctional Facility-Stillwater; or and~~

10.32 (5) sentencing to service crew leader involved with the inmate community work  
 10.33 crew program, ~~at the Minnesota Correctional Facility-Faribault and the Minnesota~~  
 10.34 ~~Correctional Facility-Lino Lakes.~~

11.1 Sec. 9. Minnesota Statutes 2004, section 352.91, is amended by adding a subdivision  
11.2 to read:

11.3 Subd. 3h. **Employment occupation name changes.** (a) If the occupational title of a  
11.4 state employee covered by the Minnesota correctional employees retirement plan changes  
11.5 from the applicable title listed in subdivision 1, 2, 2a, 3c, 3d, 3e, 3f, or 3g, qualification for  
11.6 coverage by the correctional state employees retirement plan continues until the July 1  
11.7 next following the title change if the commissioner of employee relations certifies to the  
11.8 executive director of the Minnesota State Retirement System and to the executive director  
11.9 of the Legislative Commission on Pensions and Retirement that the duties, requirements,  
11.10 and responsibilities of the new occupational title are substantially identical to the duties,  
11.11 requirements, and responsibilities of the prior occupational title.

11.12 (b) If the commissioner of employee relations does not certify a new occupational  
11.13 title under paragraph (a), eligibility for future correctional state employees retirement  
11.14 coverage terminates as of the start of the first payroll period next following the effective  
11.15 date of the occupational title change.

11.16 (c) For consideration by the Legislative Commission on Pensions and Retirement  
11.17 during the legislative session next following an occupational title change involving a  
11.18 state employee in covered correctional service, the commissioner of employee relations  
11.19 shall submit the applicable draft proposed legislation accommodating the occupational  
11.20 title change in this section.

11.21 Sec. 10. Minnesota Statutes 2004, section 352.91, is amended by adding a subdivision  
11.22 to read:

11.23 Subd. 3i. **Lateral transfers to new correctional facilities.** If a new correctional  
11.24 facility is established, a state employee rendering covered correctional service immediately  
11.25 before the transfer remains eligible for coverage by the correctional state employees  
11.26 retirement plan for future state employment at the new facility if the person is employed in  
11.27 the same occupational title at the new facility. The eligibility for future coverage continues  
11.28 until the July 1 next following the effective date of the establishment of the new facility.

11.29 Sec. 11. Minnesota Statutes 2004, section 352.91, is amended by adding a subdivision  
11.30 to read:

11.31 Subd. 4b. **Department of Corrections; procedure for coverage change**  
2 considerations. (a) The commissioner of corrections shall appoint a standing review  
11.33 committee to review and determine positions that should be included in legislative  
11.34 requests for correctional employees retirement plan coverage under subdivision 4a.

12.1 (b) The review committee must include relevant department employees and  
12.2 employee representatives. Periodically, the Department of Corrections will convene  
12.3 meetings of the review committee. The review committee must review all requests and  
12.4 the supporting documentation for coverage by the correctional employees retirement  
12.5 plan and must determine which classes or positions meet the statutory requirements for  
12.6 coverage. The review committee also must determine if incumbents of and recent retirees  
12.7 from classes or positions determined for inclusion in correctional employees retirement  
12.8 plan coverage have prior Department of Corrections employment which also qualified as  
12.9 correctional service and which should be transferred from the general state employees  
12.10 retirement plan to the plan and the initial date for each potential service credit transfer.

12.11 (c) The department must provide a notice of each determination and of the  
12.12 employee's right to appeal from the review committee to each employee who requested  
12.13 inclusion. Appeals must be filed with the agency human resource manager within 30 days  
12.14 of the date of the notice of determination.

12.15 (d) The commissioner of corrections shall appoint a standing appeals committee to  
12.16 hear appeals of determinations for coverage. Appeal committee determinations are final.

12.17 (e) All positions approved for inclusion must be forwarded to the commissioner  
12.18 of corrections for the preparation of legislation to implement the coverage change and  
12.19 submission. The commissioner will submit a written recommendation documenting  
12.20 classes or positions that should or should not be covered by the correctional employees  
12.21 retirement plan. Documentation of each request and the final determination must be  
12.22 retained in the Department of Corrections' office of human resource management.

12.23 **Sec. 12. COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN**  
12.24 **PERSONS.**

12.25 Subdivision 1. Election of prior state coverage. (a) An employee in the  
12.26 occupational position of laundry coordinator or delivery van driver at the Minnesota  
12.27 Correctional Facility-Faribault who has future retirement coverage transferred to the  
12.28 correctional state employees retirement plan under section 5 is entitled to elect to obtain  
12.29 prior service credit for eligible correctional state service performed after June 30, 1997,  
12.30 and before July 1, 2006, with the Department of Corrections and an employee who had  
12.31 future retirement coverage transferred to the correctional state employees retirement  
12.32 plan under Laws 2004, chapter 267, article 1, section 1, is entitled to elect to obtain  
12.33 prior service credit for eligible correctional state service performed at the Minnesota  
12.34 Correctional Facility-Rush City before August 1, 2004. All prior service credit in either  
12.35 instance must be purchased.

13.1 (b) Eligible correctional state service is either a prior period of continuous service  
13.2 after June 30, 1997, at the Minnesota Correctional Facility-Faribault, or a prior period  
13.3 of continuous service at the Minnesota Correctional Facility-Rush City before August 1,  
13.4 2004, whichever applies, performed as an employee of the Department of Corrections that  
13.5 would have been eligible for the correctional state employees retirement plan coverage  
13.6 under section 1, if that prior service had been performed after August 1, 2004, or June 30,  
13.7 2006, rather than before August 1, 2004, or July 1, 2006, whichever applies. Service is  
13.8 continuous if there has been no period of discontinuation of eligible state service for a  
13.9 period greater than 30 calendar days.

13.10 (c) The commissioner of corrections shall certify eligible correctional state service  
13.11 to the commissioner of employee relations and to the executive director of the Minnesota  
13.12 State Retirement System.

13.13 (d) A correctional employee covered under section 1 is entitled to purchase the past  
13.14 service if the department certifies that the employee met the eligibility requirements for  
13.15 coverage. The employee must make additional employee contributions. Payment for past  
13.16 service must be completed by June 30, 2007.

13.17 Subd. 2. Payment for prior service. (a) An employee electing to obtain prior  
13.18 service credit under subdivision 1 must pay an additional employee contribution for  
13.19 that prior service. The additional member contribution is the contribution differential  
13.20 percentage applied to the actual salary paid to the employee during the period of the  
13.21 prior eligible correctional state service, plus interest at the rate of 8.5 percent per annum,  
13.22 compounded annually. The contribution differential percentage is the difference between  
13.23 5.69 percent of salary and the applicable employee contribution rate of the general state  
13.24 employees retirement plan during the period of the prior eligible correctional state service.

13.25 (b) The additional member contribution may be paid only in a lump sum. Payment  
13.26 must accompany the election to obtain prior service credit. No election or payment may  
13.27 be made by the person or accepted by the executive director of the Minnesota State  
13.28 Retirement System after June 30, 2007.

13.29 Subd. 3. Transfer of assets. (a) Assets must be transferred from the general state  
13.30 employees retirement plan to the correctional state employees retirement plan in an  
13.31 amount equal to the present value of benefits earned under the general state employees  
13.32 retirement plan for each employee transferring to the correctional state employees  
13.33 retirement plan under this section, as determined by the actuary retained under Minnesota  
13.34 Statutes, section 356.214, in accordance with Minnesota Statutes, section 356.215,  
13.35 multiplied by the accrued liability funding ratio of active members as derived from the  
13.36 most recent actuarial valuation prepared by the actuary retained under Minnesota Statutes,



14.1 section 356.214. The transfer of assets must be made within 30 days after the employee  
14.2 elects to transfer the coverage to the correctional state employees retirement plan.

14.3 (b) The Department of Corrections shall pay the cost of the actuarial work performed  
14.4 by the actuary retained under Minnesota Statutes, section 356.214, under paragraph (a)  
14.5 upon receipt of a billing from the executive director of the Public Employees Retirement  
14.6 Association.

14.7 Subd. 4. Effect of the asset transfer. Upon the transfer of assets in subdivision  
14.8 3, service credit in the general state employees retirement plan of the Minnesota State  
14.9 Retirement System is forfeited and may not be reinstated. The service credit and  
14.10 transferred assets must be credited to the correctional state employees retirement plan.

14.11 **Sec. 13. SERVICE CREDIT TRANSFER TO CORRECTIONAL PLAN.**

14.12 Subdivision 1. Authorization. If the review of the corrections program director  
14.13 position of the eligible individual under Minnesota Statutes 2005 Supplement, section  
14.14 352.91, subdivision 4a, results in the inclusion of the corrections program director position  
14.15 in the correctional state employees retirement plan of the Minnesota State Retirement  
14.16 System by legislative enactment during the 2006 or 2007 legislative sessions, an eligible  
14.17 individual specified in subdivision 2 is authorized to have service credit in the Minnesota  
14.18 State Retirement System general state employees retirement plan for employment as  
14.19 a corrections program director from June 17, 1995, to June 5, 2001, transferred from  
14.20 the Minnesota State Retirement System general state employees retirement plan to the  
14.21 Minnesota State Retirement System correctional state employees retirement plan, if all  
14.22 conditions required by this section are met.

14.23 Subd. 2. Eligibility. An eligible individual is an individual who:

14.24 (1) was born on November 14, 1956;

14.25 (2) is currently employed as a corrections lieutenant;

14.26 (3) was covered by the Minnesota State Retirement System correctional state  
14.27 employees retirement plan for service provided from November 1, 1980, to June 16, 1995;

14.28 (4) was covered by the Minnesota State Retirement System general state employees  
14.29 retirement plan for employment as a corrections program director from June 17, 1995, to  
14.30 June 5, 2001; and

14.31 (5) is covered by the Minnesota State Retirement System correctional state  
14.32 employees retirement plan for employment as a corrections lieutenant beginning June  
14.33 6, 2001.

14.34 Subd. 3. Employee equivalent contribution. To receive the transfer of service  
14.35 credit specified in subdivision 1, the individual must pay to the executive director of the

15.1 Minnesota State Retirement System the difference between the employee contribution rate  
15.2 for the general state employees retirement plan and the employee contribution rate for  
15.3 the correctional state employees retirement plan in effect during the period eligible for  
15.4 transfer applied to the eligible individual's salary at the time each additional contribution  
15.5 would have been deducted from pay if coverage had been provided by the correctional  
15.6 state employees retirement plan. These amounts shall be paid in a lump sum by September  
15.7 1, 2005, or prior to termination of service, whichever is earlier, plus 8.5 percent annual  
15.8 compound interest from the applicable payroll deduction date until paid.

15.9 Subd. 4. **Employer equivalent.** The eligible individual shall also pay to the  
15.10 executive director of the Minnesota State Retirement System the difference between  
15.11 the employer contribution rate for the general state employees retirement plan and the  
15.12 employer contribution rate for the correctional state employees retirement plan in effect  
15.13 during the period eligible for transfer applied to the eligible individual's salary at the  
15.14 time each additional contribution would have been deducted from pay if coverage had  
15.15 been provided by the correctional state employees retirement plan. These amounts shall  
15.16 be paid in a lump sum at the same time as the amount under subdivision 3, with interest  
15.17 as specified in that subdivision.

15.18 Subd. 5. **Transfer of assets.** If payments under subdivisions 3 and 4 are made,  
15.19 assets must be transferred from the general state employees retirement plan fund to the  
15.20 correctional state employees retirement plan fund in an amount equal to the present value  
15.21 of benefits earned by the eligible individual under the general state employees retirement  
15.22 plan, as determined by the actuary retained under section 356.214 in accordance with  
15.23 Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days  
15.24 after the receipt of payments under subdivisions 3 and 4.

15.25 Subd. 6. **Effect of the asset transfer.** Upon transfer of assets in subdivision 5,  
15.26 service credit in the general state employees retirement plan of the Minnesota State  
15.27 Retirement System is forfeited and may not be reinstated. The service credit and  
15.28 transferred assets must be credited to the correctional state employees retirement plan.

15.29 Subd. 7. **Payment of actuarial calculation costs.** The expense for the calculations  
15.30 by the actuary under subdivision 5 must be paid by the Department of Corrections.

15.31 Sec. 14. **EFFECTIVE DATE.**

15.32 (a) Sections 1 to 8 and 12 are effective the first day of the first payroll period next  
15.33 following the date of enactment.

15.34 (b) Sections 9, 10, and 11 are effective the day following final enactment.

16.1 (c) Section 13 is effective July 1, 2006, applies retroactively to permit a transfer  
 16.2 by an eligible individual of service credit before January 1, 2008, even if the eligible  
 16.3 individual has terminated active state employment before July 1, 2007, and, if the eligible  
 16.4 individual is in receipt of a retirement annuity from the correctional state employees  
 16.5 retirement plan of the Minnesota State Retirement System on or before July 1, 2007,  
 16.6 allows the eligible individual to have the retirement annuity recalculated on the basis  
 16.7 of any transferred service credit.

16.8 (d) The addition of the reference to "correctional industry" in section 3 is a  
 16.9 clarification of the existing provision and is not intended to be the basis for the addition of  
 16.10 any employment position to plan coverage beyond the employment positions included  
 16.11 on January 15, 2006, unless there is a change in the duties of an employment position  
 16.12 connected with correctional industries that increases the regularly occurring direct inmate  
 16.13 contact of the position to in excess of 75 percent and the inclusion of the position as  
 16.14 "correctional industry personnel" is approved by the commissioner of employee relations.

### 16.15 ARTICLE 3

#### 16.16 RETIREMENT PLAN ADMINISTRATIVE PROVISIONS

16.17 Section 1. Minnesota Statutes 2004, section 136F.45, subdivision 1a, is amended to  
 16.18 read:

16.19 Subd. 1a. **Subsequent vendor contracts.** (a) The board may limit the number  
 16.20 of vendors under subdivision 1.

16.21 (b) In addition to any other tax-sheltered annuity program investment options, the  
 16.22 board may offer as an investment option the Minnesota supplemental investment fund  
 16.23 administered by the State Board of Investment under section 11A.17.

16.24 (c) ~~For the tax-sheltered annuity program vendor contracts executed after July 1,~~  
 16.25 ~~2000,~~ The board shall actively solicit participation of and shall include as vendors lower  
 16.26 expense and "no-load" mutual funds or equivalent investment products as those terms are  
 16.27 defined by the federal Securities and Exchange Commission. ~~To the extent possible, in~~  
 16.28 ~~addition to a range of insurance annuity contract providers and other mutual fund provider~~  
 16.29 ~~arrangements, the board must assure that no less than five insurance annuity providers~~  
 16.30 ~~and no less than one nor more than three lower expense and "no-load" mutual funds or~~  
 16.31 ~~equivalent investment products will be made available for direct access by employee~~  
 16.32 ~~participants.~~ To the extent that offering a lower expense "no-load" product increases the  
 16.33 total necessary and reasonable expenses of the program and if the board is unable to  
 16.34 negotiate a rebate of fees from the mutual fund or equivalent investment product providers,  
 16.35 the board may charge the participants utilizing the lower expense "no-load" mutual fund

17.1 products a fee to cover those expenses. The participant fee may not exceed one percent  
17.2 of the participant's annual contributions or \$20 per participant per year, whichever is  
17.3 greater. Any excess fee revenue generated under this subdivision must be reimbursed to  
17.4 participant accounts in the manner provided in subdivision 3a.

17.5 Sec. 2. Minnesota Statutes 2004, section 352.113, subdivision 7a, is amended to read:

17.6 Subd. 7a. **Temporary reemployment benefit reduction waiver.** (a) A reduction in  
17.7 benefits under subdivision 7, or a termination of benefits due to the disabled employee  
17.8 resuming a gainful occupation from which earnings are equal to or more than the  
17.9 employee's salary at the date of disability or the salary currently paid for similar positions  
17.10 does not apply until six months after the individual returns to a gainful occupation.

17.11 (b) No deductions for the retirement fund may be taken from the salary of a disabled  
17.12 person who is attempting to return to work under this provision unless the member waives  
17.13 further disability benefits.

17.14 (c) A member may return to employment and continue disability benefit payments  
17.15 under this subdivision only once while receiving disability benefits from a plan  
17.16 administered by the Minnesota State Retirement System.

17.17 Sec. 3. Minnesota Statutes 2004, section 352.116, subdivision 3a, is amended to read:

17.18 Subd. 3a. **Bounce-back annuity.** (a) If a retired employee or disabilitant selects  
17.19 a joint and survivor annuity option under subdivision 3 after June 30, 1989, the retired  
17.20 employee or disabilitant must receive a normal single-life annuity if the designated  
17.21 optional annuity beneficiary dies before the retired employee or disabilitant. Under this  
17.22 option, no reduction may be made in the annuity to provide for restoration of the normal  
17.23 single-life annuity in the event of the death of the designated optional annuity beneficiary.

17.24 ~~(b) A retired employee or disabilitant who selected an optional joint and survivor~~  
17.25 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~  
17.26 ~~single-life annuity is payable to the retired employee or the disabilitant if the designated~~  
17.27 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single-life~~  
17.28 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~  
17.29 ~~reduction of the person's annuity. A retired employee or disabilitant who selected an~~  
17.30 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~  
17.31 ~~before July 1, 1989, shall receive a normal single-life annuity after that date, but shall not~~  
2 ~~receive retroactive payments for periods before that date~~ The annuity adjustment specified  
17.33 in paragraph (a) also applies to joint and survivor annuity options under subdivision  
17.34 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on

18.1 July 1, 1989, or on the first day of the first month following the death of the designated  
18.2 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted  
18.3 as authorizing retroactive payments.

18.4 ~~(c) A retired employee or disabilitant who took a further actuarial reduction to elect~~  
18.5 ~~an optional joint and survivor annuity that provides that the normal annuity is payable~~  
18.6 ~~to the retired employee or disabilitant if the designated optional beneficiary died before~~  
18.7 ~~July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person~~  
18.8 ~~would have received if, at the time of retirement or disability, the person had selected only~~  
18.9 ~~optional survivor coverage that would not have provided for restoration of the normal~~  
18.10 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~  
18.11 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~  
18.12 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

18.13 Sec. 4. Minnesota Statutes 2004, section 352.116, subdivision 3b, is amended to read:

18.14 Subd. 3b. **Bounce-back annuity.** (a) The board of directors must provide a joint  
18.15 and survivor annuity option to members of the correctional employees and State Patrol  
18.16 retirement funds. Under this option, if a former member or disabilitant selects a joint  
18.17 and survivor annuity option after June 30, 1989, the former member or disabilitant must  
18.18 receive a normal single life annuity if the designated optional annuity beneficiary dies  
18.19 before the former member or disabilitant. Under this option, no reduction may be made  
18.20 in the person's annuity to provide for restoration of the normal single life annuity in the  
18.21 event of the death of the designated optional annuity beneficiary.

18.22 ~~(b) A former member or disabilitant of the correctional or State Patrol fund who~~  
18.23 ~~selected an optional joint and survivor annuity before July 1, 1989, but did not choose an~~  
18.24 ~~option that provides that the normal single life annuity is payable to the former member~~  
18.25 ~~or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~  
18.26 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~  
18.27 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~  
18.28 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~  
18.29 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~  
18.30 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~  
18.31 ~~date~~ The annuity adjustment specified in paragraph (a) also applies to joint and survivor  
18.32 annuity options elected prior to July 1, 1989. The annuity adjustment under this paragraph  
18.33 occurs on July 1, 1989, or on the first day of the first month following the death of the  
18.34 designated optional annuity beneficiary, whichever is later. This paragraph should not be  
18.35 interpreted as authorizing retroactive payments.

19.1 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~  
19.2 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~  
19.3 ~~the former member or disabilitant if the designated optional beneficiary died before July~~  
19.4 ~~1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person~~  
19.5 ~~would have received if, at the time of retirement or disability, the person had selected only~~  
19.6 ~~optional survivor coverage that would not have provided for restoration of the normal~~  
19.7 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~  
19.8 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~  
19.9 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

19.10 Sec. 5. Minnesota Statutes 2004, section 353.01, subdivision 2a, is amended to read:

19.11 Subd. 2a. **Included employees.** (a) Public employees whose salary from one  
19.12 governmental subdivision exceeds \$425 in any month shall participate as members of the  
19.13 association. If the salary is less than \$425 in a subsequent month, the employee retains  
19.14 membership eligibility. Eligible public employees shall participate as members of the  
19.15 association with retirement coverage by the public employees retirement plan or the public  
19.16 employees police and fire retirement plan under this chapter, or the local government  
19.17 correctional employees retirement plan under chapter 353E, whichever applies, as a  
19.18 condition of their employment on the first day of employment unless they:

19.19 (1) are specifically excluded under subdivision 2b;

19.20 (2) do not exercise their option to elect retirement coverage in the association as  
19.21 provided in subdivision 2d, paragraph (a); or

19.22 (3) are employees of the governmental subdivisions listed in subdivision 2d,  
19.23 paragraph (b), where the governmental subdivision has not elected to participate as a  
19.24 governmental subdivision covered by the association.

19.25 (b) A public employee who was a member of the association on June 30, 2002,  
19.26 based on employment that qualified for membership coverage by the public employees  
19.27 retirement plan or the public employees police and fire plan under this chapter, or the local  
19.28 government correctional employees retirement plan under chapter 353E as of June 30,  
19.29 2002, retains that membership until the employee terminates public employment under  
19.30 subdivision 11a or terminates membership under subdivision 11b.

19.31 (c) Public employees under paragraph (a) includes physicians under section  
19.32 353D.01, subdivision 2, who do not elect public employees defined contribution plan  
19.33 coverage under section 353D.02, subdivision 2.

20.1 Sec. 6. Minnesota Statutes 2005 Supplement, section 353.01, subdivision 2d, is  
20.2 amended to read:

20.3 Subd. 2d. **Optional membership.** (a) Membership in the association is optional  
20.4 by action of the individual employee for the following public employees who meet the  
20.5 conditions set forth in subdivision 2a:

20.6 (1) members of the coordinated plan who are also employees of labor organizations  
20.7 as defined in section 353.017, subdivision 1, for their employment by the labor  
20.8 organization only if they elect to have membership under section 353.017, subdivision 2;

20.9 (2) persons who are elected or persons who are appointed to elected positions other  
20.10 than local governing body elected positions who elect to participate by filing a written  
20.11 election for membership;

20.12 (3) members of the association who are appointed by the governor to be a state  
20.13 department head and who elect not to be covered by the general state employees retirement  
20.14 plan of the Minnesota State Retirement System under section 352.021;

20.15 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be  
20.16 excluded from membership in the association under section 353.028, subdivision 2; and

20.17 (5) employees of the Port Authority of the city of St. Paul ~~who were at least age 45~~  
20.18 on January 1, 2003, who were at least age 45 on that date, and who elect to participate by  
20.19 filing a written election for membership.

20.20 (b) Membership in the association is optional by action of the governmental  
20.21 subdivision for the employees of the following governmental subdivisions under the  
20.22 conditions specified:

20.23 (1) the Minnesota Association of Townships if the board of the association, at its  
20.24 option, certifies to the executive director that its employees are to be included for purposes  
20.25 of retirement coverage, in which case the status of the association as a participating  
20.26 employer is permanent;

20.27 (2) a county historical society if the county in which the historical society is located,  
20.28 at its option, certifies to the executive director that the employees of the historical society  
20.29 are to be county employees for purposes of retirement coverage under this chapter. The  
20.30 status as a county employee must be accorded to all similarly situated county historical  
20.31 society employees and, once established, must continue as long as a person is an employee  
20.32 of the county historical society; and

20.33 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to  
20.34 employees other than paramedics, emergency medical technicians, and protection officers,  
20.35 if the corporate board establishes alternative retirement plans for certain classes of

21.1 employees of the corporation and certifies the employees to be excluded from future  
21.2 retirement coverage.

21.3 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or  
21.4 covered by paragraph (b), clause (1) or (2), if the necessary membership election is  
21.5 not made, the employee is excluded from retirement coverage under this chapter. For  
21.6 employees who are covered by paragraph (a), clause (4), if the necessary election is not  
21.7 made, the employee must become a member and have retirement coverage under this  
21.8 chapter. For employees specified in paragraph (b), clause (3), membership continues until  
21.9 the exclusion option is exercised for the designated class of employee. The option to  
21.10 become a member, once exercised under this subdivision, may not be withdrawn until  
21.11 termination of public service as defined under subdivision 11a.

21.12 Sec. 7. Minnesota Statutes 2004, section 353.01, subdivision 11a, is amended to read:

21.13 Subd. 11a. **Termination of public service.** (a) "Termination of public service"  
21.14 occurs when a member resigns or is dismissed from public service by the employing  
21.15 governmental subdivision ~~or when a position ends and the member who held the position~~  
21.16 ~~is not considered by the governmental subdivision to be on a temporary layoff;~~ and  
21.17 the employee does not, within 30 days of the date the employment relationship ended,  
21.18 return to an employment position in the same governmental subdivision or when the  
21.19 employer-employee relationship is severed due to the expiration of a layoff under  
21.20 subdivision 12 or 12c.

21.21 (b) The termination of public service must be recorded in the association records  
21.22 upon receipt of an appropriate notice from the governmental subdivision.

21.23 Sec. 8. Minnesota Statutes 2004, section 353.01, subdivision 11b, is amended to read:

21.24 Subd. 11b. **Termination of membership.** (a) "Termination of membership" means  
21.25 the conclusion of membership in the association for a person who has not terminated  
21.26 public service under subdivision 11a and occurs:

21.27 (1) ~~upon termination of public service under subdivision 11a;~~

21.28 (2) ~~when a member does not return to work within 30 days of the expiration of~~  
21.29 ~~an authorized temporary layoff under subdivision 12 or an authorized leave of absence~~  
21.30 ~~under subdivision 31 as evidenced by the appropriate record filed by the governmental~~  
21.31 ~~subdivision; or~~

21.32 (3) when a person files a written election with the association to discontinue  
21.33 employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1);



22.1 (2) when a city manager files a written election with the association to discontinue  
22.2 employee deductions under section 353.028, subdivision 2; or

22.3 (3) when a member transfers to a temporary position and becomes excluded from  
22.4 membership under subdivision 2b, clause (4).

22.5 (b) The termination of membership under clause (3) must be reported to the  
22.6 association by the governmental subdivision.

22.7 ~~(c) If the employee subsequently returns to a position in the same governmental~~  
22.8 ~~subdivision, the employee shall not again be required to earn a salary in excess of \$425 per~~  
22.9 ~~month to qualify for membership, unless the employee has taken a refund of accumulated~~  
22.10 ~~employee deduction plus interest under section 353.34, subdivision 1.~~

22.11 Sec. 9. Minnesota Statutes 2004, section 353.01, subdivision 12, is amended to read:

22.12 Subd. 12. **Authorized temporary or seasonal layoff.** "Authorized temporary  
22.13 or seasonal layoff," including seasonal leave of absence, means a suspension of public  
22.14 service for a limited period during a year authorized by the employing governmental  
22.15 subdivision ~~for a period not exceeding three months in any calendar year, as evidenced by~~  
22.16 ~~appropriate record of the employer and promptly transmitted to the association member~~  
22.17 who is expected to return to the same position at the end of the layoff period and for which  
22.18 there has been no termination of public service under subdivision 11a.

22.19 Sec. 10. Minnesota Statutes 2004, section 353.01, is amended by adding a subdivision  
22.20 to read:

22.21 Subd. 12c. **Indefinite layoff.** "Indefinite layoff" occurs when a member is placed on  
22.22 a layoff that is not a temporary or seasonal layoff under subdivision 12, for which no date  
22.23 has been specified by the employing governmental subdivision for the employee's return  
22.24 to work, and there has been no termination of public service under subdivision 11a.

22.25 Sec. 11. Minnesota Statutes 2004, section 353.01, subdivision 16, is amended to read:

22.26 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"  
22.27 means:

22.28 (1) service during years of actual membership in the course of which employee  
22.29 contributions were made, periods covered by payments in lieu of salary deductions under  
22.30 section 353.35;

22.31 (2) service in years during which the public employee was not a member but for  
22.32 which the member later elected, while a member, to obtain credit by making payments to  
22.33 the fund as permitted by any law then in effect;

23.1 (3) a period of authorized leave of absence with pay from which deductions for  
23.2 employee contributions are made, deposited, and credited to the fund;

23.3 (4) a period of authorized personal, parental, or medical leave of absence without  
23.4 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
23.5 that does not exceed one year, and during or for which a member obtained service credit  
23.6 for each month in the leave period by payments to the fund made in place of salary  
23.7 deductions. The payments must be made in an amount or amounts based on the member's  
23.8 average salary on which deductions were paid for the last six months of public service, or  
23.9 for that portion of the last six months while the member was in public service, to apply to  
23.10 the period in either case that immediately precedes the commencement of the leave of  
23.11 absence. If the employee elects to pay the employee contributions for the period of any  
23.12 authorized personal, parental, or medical leave of absence without pay, or for any portion  
23.13 of the leave, the employee shall also, as a condition to the exercise of the election, pay  
23.14 to the fund an amount equivalent to the required employer and the additional employer  
23.15 contributions, if any, for the employee. The payment must be made within one year from  
23.16 the expiration of the leave of absence or within 20 days after termination of public service  
23.17 under subdivision 11a, whichever is earlier. The employer, by appropriate action of its  
23.18 governing body which is made a part of its official records and which is adopted before the  
23.19 date of the first payment of the employee contribution, may certify to the association in  
23.20 writing its commitment to pay the employer and additional employer contributions from  
23.21 the proceeds of a tax levy made under section 353.28. Payments under this paragraph must  
23.22 include interest at an annual rate of 8.5 percent compounded annually from the date of the  
23.23 termination of the leave of absence to the date payment is made. An employee shall return  
23.24 to public service and render a minimum of three months of allowable service in order to  
23.25 be eligible to pay employee and employer contributions for a subsequent authorized leave  
23.26 of absence without pay. Upon payment, the employee must be granted allowable service  
23.27 credit for the purchased period;

23.28 (5) a periodic, repetitive leave that is offered to all employees of a governmental  
23.29 subdivision. The leave program may not exceed 208 hours per annual normal work  
23.30 cycle as certified to the association by the employer. A participating member obtains  
23.31 service credit by making employee contributions in an amount or amounts based on the  
23.32 member's average salary that would have been paid if the leave had not been taken. The  
23.33 employer shall pay the employer and additional employer contributions on behalf of the  
4 participating member. The employee and the employer are responsible to pay interest on  
23.35 their respective shares at the rate of 8.5 percent a year, compounded annually, from the  
23.36 end of the normal cycle until full payment is made. An employer shall also make the

24.1 employer and additional employer contributions, plus 8.5 percent interest, compounded  
24.2 annually, on behalf of an employee who makes employee contributions but terminates  
24.3 public service. The employee contributions must be made within one year after the end of  
24.4 the annual normal working cycle or within 20 days after termination of public service,  
24.5 whichever is sooner. The association shall prescribe the manner and forms to be used by a  
24.6 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the  
24.7 member must be granted allowable service credit for the purchased period;

24.8 (6) an authorized temporary or seasonal layoff under subdivision 12, limited to three  
24.9 months allowable service per authorized temporary or seasonal layoff in one calendar year.  
24.10 An employee who has received the maximum service credit allowed for an authorized  
24.11 temporary or seasonal layoff must return to public service and must obtain a minimum of  
24.12 three months of allowable service subsequent to the layoff in order to receive allowable  
24.13 service for a subsequent authorized temporary or seasonal layoff; or

24.14 (7) a period during which a member is absent from employment by a governmental  
24.15 subdivision by reason of service in the uniformed services, as defined in United States  
24.16 Code, title 38, section 4303(13), if the member returns to public service upon discharge  
24.17 from service in the uniformed service within the time frames required under United  
24.18 States Code, title 38, section 4312(e), provided that the member did not separate from  
24.19 uniformed service with a dishonorable or bad conduct discharge or under other than  
24.20 honorable conditions. The service is credited if the member pays into the fund equivalent  
24.21 employee contributions based upon the contribution rate or rates in effect at the time  
24.22 that the uniformed service was performed multiplied by the full and fractional years  
24.23 being purchased and applied to the annual salary rate. The annual salary rate is the  
24.24 average annual salary during the purchase period that the member would have received  
24.25 if the member had continued to be employed in covered employment rather than to  
24.26 provide uniformed service, or, if the determination of that rate is not reasonably certain,  
24.27 the annual salary rate is the member's average salary rate during the 12-month period of  
24.28 covered employment rendered immediately preceding the period of the uniformed service.  
24.29 Payment of the member equivalent contributions must be made during a period which  
24.30 begins with the date on which the individual returns to public employment and that is three  
24.31 times the length of the military leave period, or within five years of the date of discharge  
24.32 from the military service, whichever is less. If the determined payment period is less than  
24.33 one year, the contributions required under this clause to receive service credit may be  
24.34 made within one year of the discharge date. Payment may not be accepted following 20  
24.35 days after termination of public service under subdivision 11a. If the member equivalent  
24.36 contributions provided for in this clause are not paid in full, the member's allowable

25.1 service credit must be prorated by multiplying the full and fractional number of years of  
25.2 uniformed service eligible for purchase by the ratio obtained by dividing the total member  
25.3 contributions received by the total member contributions otherwise required under this  
25.4 clause. The equivalent employer contribution, and, if applicable, the equivalent additional  
25.5 employer contribution must be paid by the governmental subdivision employing the  
25.6 member if the member makes the equivalent employee contributions. The employer  
25.7 payments must be made from funds available to the employing unit, using the employer  
25.8 and additional employer contribution rate or rates in effect at the time that the uniformed  
25.9 service was performed, applied to the same annual salary rate or rates used to compute the  
25.10 equivalent member contribution. The governmental subdivision involved may appropriate  
25.11 money for those payments. The amount of service credit obtainable under this section may  
25.12 not exceed five years unless a longer purchase period is required under United States Code,  
25.13 title 38, section 4312. The employing unit shall pay interest on all equivalent member and  
25.14 employer contribution amounts payable under this clause. Interest must be computed at  
25.15 a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave  
25.16 or the break in service to the end of the month in which the payment is received. Upon  
25.17 payment, the employee must be granted allowable service credit for the purchased period.

25.18 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for  
25.19 state officers and employees displaced by the Community Corrections Act, chapter 401,  
25.20 and transferred into county service under section 401.04, "allowable service" means the  
25.21 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and  
25.22 section 352.01, subdivision 11.

25.23 (c) For a public employee who has prior service covered by a local police or  
25.24 firefighters relief association that has consolidated with the Public Employees Retirement  
25.25 Association or to which section 353.665 applies, and who has elected the type of benefit  
25.26 coverage provided by the public employees police and fire fund either under section  
25.27 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable  
25.28 service" is a period of service credited by the local police or firefighters relief association  
25.29 as of the effective date of the consolidation based on law and on bylaw provisions  
25.30 governing the relief association on the date of the initiation of the consolidation procedure.

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

25.33 (e) MS 2002 (Expired)

25.34 Sec. 12. Minnesota Statutes 2004, section 353.03, subdivision 1, is amended to read:

26.1 Subdivision 1. **Management; composition; election.** (a) The management of the  
26.2 public employees retirement fund is vested in an 11-member board of trustees consisting  
26.3 of ten members and the state auditor ~~who~~. The state auditor may designate a deputy  
26.4 auditor with expertise in pension matters as the auditor's representative on the board. The  
26.5 governor shall appoint five trustees to four-year terms, one of whom shall be designated to  
26.6 represent school boards, one to represent cities, one to represent counties, one who is a  
26.7 retired annuitant, and one who is a public member knowledgeable in pension matters. The  
26.8 membership of the association, including recipients of retirement annuities and disability  
26.9 and survivor benefits, shall elect five trustees for terms of four years, one of whom must  
26.10 be a member of the police and fire fund and one of whom must be a former member  
26.11 who met the definition of public employee under section 353.01, subdivisions 2 and  
26.12 2a, for at least five years prior to terminating membership or a member who receives a  
26.13 disability benefit, ~~for terms of four years~~. Terms expire on January 31 of the fourth year,  
26.14 and positions are vacant until newly elected members are seated. Except as provided in  
26.15 this subdivision, trustees elected by the membership of the association must be public  
26.16 employees and members of the association.

26.17 (b) For seven days beginning October 1 of each year preceding a year in which  
26.18 an election is held, the association shall accept at its office filings in person or by mail  
26.19 of candidates for the board of trustees. A candidate shall submit at the time of filing a  
26.20 nominating petition signed by 25 or more members of the ~~fund~~ association. No name may  
26.21 be withdrawn from nomination by the nominee after October 15. At the request of a  
26.22 candidate for an elected position on the board of trustees, the board shall mail a statement  
26.23 of up to 300 words prepared by the candidate to all persons eligible to vote in the election  
26.24 of the candidate. The board may adopt policies, subject to review and approval by the  
26.25 secretary of state under paragraph (e), to govern the form and length of these statements,  
26.26 timing of mailings, and deadlines for submitting materials to be mailed. ~~These policies~~  
26.27 ~~must be approved by the secretary of state.~~ The secretary of state shall resolve disputes  
26.28 between the board and a candidate concerning application of these policies to a particular  
26.29 statement.

26.30 (c) By January 10 of each year in which elections are to be held, the board shall  
26.31 distribute by mail to the members ballots listing the candidates. No member may vote for  
26.32 more than one candidate for each board position to be filled. A ballot indicating a vote for  
26.33 more than one person for any position is void. No special marking may be used on the  
26.34 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no  
26.35 later than January 31. The ballot envelopes must be so designated and the ballots counted  
26.36 in a manner that ensures that each vote is secret.

27.1 (d) A candidate who:  
27.2 (1) receives contributions or makes expenditures in excess of \$100<sup>2</sup>, or  
27.3 (2) has given implicit or explicit consent for any other person to receive contributions  
27.4 or make expenditures in excess of \$100 for the purpose of bringing about the candidate's  
27.5 election, shall file a report with the campaign finance and public disclosure board  
27.6 disclosing the source and amount of all contributions to the candidate's campaign. The  
27.7 campaign finance and public disclosure board shall prescribe forms governing these  
27.8 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.  
27.9 These terms do not include the mailing made by the association board on behalf of the  
27.10 candidate. A candidate shall file a report within 30 days from the day that the results of  
27.11 the election are announced. The Campaign Finance and Public Disclosure Board shall  
27.12 maintain these reports and make them available for public inspection in the same manner  
27.13 as the board maintains and makes available other reports filed with it. ~~By January 10~~  
27.14 ~~of each year in which elections are to be held the board shall distribute by mail to the~~  
27.15 ~~members ballots listing the candidates. No member may vote for more than one candidate~~  
27.16 ~~for each board position to be filled. A ballot indicating a vote for more than one person for~~  
27.17 ~~any position is void. No special marking may be used on the ballot to indicate incumbents.~~  
27.18 ~~The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of~~  
27.19 ~~the fourth year, and positions are vacant until newly elected members are qualified. The~~  
27.20 ~~ballot envelopes must be so designed and the ballots counted in a manner that ensures~~  
27.21 ~~that each vote is secret.~~

27.22 (e) The secretary of state shall supervise review and approve the procedures defined  
27.23 by the board of trustees for conducting the elections specified in this subdivision, including  
27.24 board policies adopted under paragraph (b).

27.25 (f) The board of trustees and the executive director shall undertake their activities  
27.26 consistent with chapter 356A.

27.27 Sec. 13. Minnesota Statutes 2004, section 353.03, subdivision 1a, is amended to read:

27.28 Subd. 1a. **Vacancy, how filled.** Any vacancy on the board caused by death,  
27.29 resignation, or removal of any trustee, or occurring because an elected trustee ceases to be  
27.30 a public employee and an active member of the association, must be filled by the board  
27.31 for trustees elected by members, and by the governor for other trustees, for the unexpired  
27.32 portion of the term in which the vacancy occurs. The board shall adopt policies and  
33 procedures governing how the vacancy of an elected trustee is to be filled.

28.1 Sec. 14. Minnesota Statutes 2004, section 353.03, is amended by adding a subdivision  
28.2 to read:

28.3 Subd. 2b. Board legal authority. The board is authorized to take legal action when  
28.4 necessary to effectively administer the various plans administered by the association,  
28.5 consistent with applicable articles of incorporation, bylaws, law, and rules, as applicable,  
28.6 and including but not limited to the recapture of overpaid annuities, benefits, or refunds,  
28.7 and the correction of omitted or deficient deductions.

28.8 Sec. 15. Minnesota Statutes 2004, section 353.27, subdivision 7, is amended to read:

28.9 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except  
28.10 as provided in paragraph (b), erroneous employee deductions and erroneous employer  
28.11 contributions and additional employer contributions for a person, who otherwise does not  
28.12 qualify for membership under this chapter, are considered:

28.13 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon  
28.14 determination of the error by the association, the person may continue membership in the  
28.15 association while employed in the same position for which erroneous deductions were  
28.16 taken, or file a written election to terminate membership and apply for a refund upon  
28.17 termination of public service or defer an annuity under section 353.34; or

28.18 (2) invalid, if the initial erroneous employee deduction began on or after January  
28.19 1, 1990. Upon determination of the error, the association shall ~~require the employer~~  
28.20 ~~to discontinue erroneous employee deductions and erroneous employer contributions~~  
28.21 ~~and additional employer contributions. Upon discontinuance, the association shall~~  
28.22 ~~refund all erroneous employee deductions to the person, with interest, under section~~  
28.23 ~~353.34, subdivision 2, and all erroneous employer contributions and additional employer~~  
28.24 ~~contributions to the employer~~ as specified in paragraph (d). No person may claim a right  
28.25 to continued or past membership in the association based on erroneous deductions which  
28.26 began on or after January 1, 1990.

28.27 (b) Erroneous deductions taken from the salary of a person who did not qualify  
28.28 for membership in the association by virtue of concurrent employment before July 1,  
28.29 1978, which required contributions to another retirement fund or relief association  
28.30 established for the benefit of officers and employees of a governmental subdivision, are  
28.31 invalid. Upon discovery of the error, the association shall remove all invalid service and  
28.32 upon termination of public service, the association shall refund all erroneous employee  
28.33 deductions to the person, with interest under section 353.34, subdivision 2, and all  
28.34 erroneous employer contributions to the employer. This paragraph has both retroactive  
28.35 and prospective application.

29.1 (c) Employer contributions and employee deductions taken in error from amounts  
29.2 which are not salary under section 353.01, subdivision 10, are invalid upon discovery by  
29.3 the association and ~~may~~ must be refunded ~~at any time~~ as specified in paragraph (d).

29.4 (d) Upon discovery of the receipt of erroneous deductions and contributions under  
29.5 paragraph (a), clause (2), or paragraph (c), the association must require the employer to  
29.6 discontinue the erroneous employee deductions and erroneous employer contributions.  
29.7 Upon discontinuation, the association must refund the invalid employee deductions to the  
29.8 person without interest and invalid employer contributions to the employer or provide a  
29.9 credit against future contributions payable by the employer for the amount of all erroneous  
29.10 deductions and contributions. In the event a retirement annuity or disability benefit had  
29.11 been computed using invalid service or salary, the association must adjust the annuity or  
29.12 benefit and recover the overpayment under subdivision 7b.

29.13 (e) In the event a salary warrant or check from which a deduction for the retirement  
29.14 fund was taken has been canceled or the amount of the warrant or check returned to the  
29.15 funds of the department making the payment, a refund of the sum deducted, or a portion of  
29.16 it that is required to adjust the deductions, must be made to the department or institution.

29.17 (f) Any refund to a member under this subdivision that would cause the plan to fail  
29.18 to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, may  
29.19 not be refunded and instead must be credited against future contributions payable by the  
29.20 employer. The employer receiving the credit is responsible for refunding to the applicable  
29.21 employee any amount that had been erroneously deducted from the person's salary.

29.22 Sec. 16. Minnesota Statutes 2004, section 353.27, subdivision 7a, is amended to read:

29.23 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee  
29.24 deductions and employer contributions were erroneously transmitted to the association,  
29.25 but should have been transmitted to another Minnesota public pension plan, the  
29.26 association shall transfer the erroneous employee deductions and employer contributions  
29.27 to the appropriate retirement fund or individual account, as applicable, without interest.  
29.28 The time limitations in subdivisions 7 and 12 do not apply.

29.29 (b) For purposes of this subdivision, a Minnesota public pension plan means a  
29.30 plan specified in section 356.30, subdivision 3, or the ~~plan~~ plans governed by ~~chapter~~  
29.31 chapters 353D and 354B.

29.32 (c) A potential transfer under paragraph (a) that would cause the plan to fail to be a  
33 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be  
29.34 made by the executive director of the association. Within 30 days after being notified by  
29.35 the Public Employees Retirement Association of an unmade potential transfer under this



30.1 paragraph, the employer of the affected person must transmit an amount representing the  
30.2 applicable salary deductions and employer contributions, without interest, to the retirement  
30.3 fund of the appropriate Minnesota public pension plan, or to the individual account if the  
30.4 proper coverage is by a defined contribution plan. The association must provide a credit  
30.5 for the amount of the erroneous salary deductions and employer contributions against  
30.6 future contributions from the employer.

30.7 Sec. 17. Minnesota Statutes 2004, section 353.27, subdivision 7b, is amended to read:

30.8 Subd. 7b. **Overpayments to members.** In the event of an overpayment to a  
30.9 member, retiree, beneficiary, or other person, the executive director shall recover the  
30.10 overpayment by suspending or reducing the payment of a retirement annuity, refund,  
30.11 disability benefit, survivor benefit, or optional annuity under this chapter until all  
30.12 outstanding money has been recovered.

30.13 Sec. 18. Minnesota Statutes 2005 Supplement, section 353.28, subdivision 6, is  
30.14 amended to read:

30.15 Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which  
30.16 receives the direct proceeds of property taxation fails to pay an amount due under chapter  
30.17 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the  
30.18 governmental subdivision for payment. If the governmental subdivision fails to remit the  
30.19 sum so due in a timely fashion, the executive director shall certify the amount to the  
30.20 applicable county auditor for collection. The county auditor shall collect the amount  
30.21 out of the revenue of the governmental subdivision, or shall add the amount to the levy  
30.22 of the governmental subdivision and make payment directly to the association. This  
30.23 tax must be levied, collected, and apportioned in the manner that other taxes are levied,  
30.24 collected, and apportioned.

30.25 (b) If a governmental subdivision which is not funded directly from the proceeds  
30.26 of property taxation fails to pay an amount due under this chapter, the executive director  
30.27 shall certify the amount to the governmental subdivision for payment. If the governmental  
30.28 subdivision fails to pay the amount for a period of 60 days after certification, the executive  
30.29 director shall certify the amount to the commissioner of finance, who shall deduct the  
30.30 amount from any subsequent state-aid payment or state appropriation amount applicable  
30.31 to the governmental subdivision and make payment directly to the association.

30.32 Sec. 19. Minnesota Statutes 2004, section 353.29, subdivision 8, is amended to read:

31.1 Subd. 8. **Annuities; payment; evidence of receipt.** Payment of any annuity or  
31.2 benefit for a given month shall be mailed by the association to the annuitant, recipient  
of a disability benefit, or survivor, or automatically deposited under section 356.401,  
31.4 subdivision 2, during the first week of that month. ~~Evidence of receipt of warrants issued~~  
31.5 ~~by the association in payment of an annuity or benefit shall be submitted by the payee~~  
31.6 ~~thereof to the association periodically at times specified by the board of trustees, together~~  
31.7 ~~with a written declaration that the annuitant or recipient of a disability benefit has or~~  
31.8 ~~has not returned to public service; that the surviving dependent spouse has or has not~~  
31.9 ~~remarried; and shall be furnished on forms provided by the executive director thereof,~~  
31.10 ~~before the association shall pay to the disability recipient or survivor for the next ensuing~~  
31.11 ~~month, the benefit to which the person otherwise may be entitled. In lieu of the evidence~~  
31.12 ~~of receipt of warrants for recipients of an annuity or a benefit, The board may contract~~  
31.13 ~~for professional services to identify deceased annuitants and benefit recipients through a~~  
31.14 review of nationally maintained death records.

31.15 Sec. 20. Minnesota Statutes 2004, section 353.30, subdivision 3a, is amended to read:

31.16 Subd. 3a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a  
31.17 joint and survivor annuity option under subdivision 3 after June 30, 1989, the former  
31.18 member or disabilitant must receive a normal single life annuity if the designated optional  
31.19 annuity beneficiary dies before the former member or disabilitant. Under this option, no  
31.20 reduction may be made in the person's annuity to provide for restoration of the normal  
31.21 single life annuity in the event of the death of the designated optional annuity beneficiary.

31.22 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~  
31.23 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~  
31.24 ~~single life annuity is payable to the former member or the disabilitant if the designated~~  
31.25 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~  
31.26 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~  
31.27 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~  
31.28 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~  
31.29 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~  
31.30 ~~receive retroactive payments for periods before that date~~ The annuity adjustment specified  
31.31 in paragraph (a) also applies to joint and survivor annuity options under subdivision  
31.32 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on  
31.33 July 1, 1989, or on the first day of the first month following the death of the designated  
31.34 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted  
31.35 as authorizing retroactive payments.

32.1 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~  
32.2 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~  
32.3 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~  
32.4 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~  
32.5 ~~amount the person would have received if, at the time of retirement or disability, the person~~  
32.6 ~~had selected only optional survivor coverage that would not have provided for restoration~~  
32.7 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~  
32.8 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~  
32.9 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

32.10 Sec. 21. Minnesota Statutes 2004, section 353.30, subdivision 3b, is amended to read:

32.11 Subd. 3b. **Bounce-back annuity.** (a) The board of trustees must provide a joint  
32.12 and survivor annuity option to members of the police and fire fund. ~~Under this option, a~~  
32.13 If a joint and survivor annuity is elected on or after July 1, 1989, the former member or  
32.14 disabilitant must receive a normal single life annuity if the designated optional annuity  
32.15 beneficiary dies before the former member or disabilitant. Under this option, no reduction  
32.16 may be made in the person's annuity to provide for restoration of the normal single life  
32.17 annuity in the event of the death of the designated optional annuity beneficiary.

32.18 ~~(b) A former member or disabilitant of the police and fire fund who selected an~~  
32.19 ~~optional joint and survivor annuity before July 1, 1989, but did not choose an option~~  
32.20 ~~that provides that the normal single life annuity is payable to the former member or~~  
32.21 ~~the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~  
32.22 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~  
32.23 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~  
32.24 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~  
32.25 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~  
32.26 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~  
32.27 ~~date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor~~  
32.28 ~~annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment~~  
32.29 ~~under this paragraph occurs on July 1, 1989, or on the first day of the first month following~~  
32.30 ~~the death of the designated optional annuity beneficiary, whichever is later. This paragraph~~  
32.31 ~~should not be interpreted as authorizing retroactive payments.~~

32.32 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~  
32.33 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~  
32.34 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~  
32.35 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~

33.1 ~~amount the person would have received if, at the time of retirement or disability, the person~~  
33.2 ~~had selected only optional survivor coverage that would not have provided for restoration~~  
33.3 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~  
33.4 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~  
33.5 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

33.6 Sec. 22. Minnesota Statutes 2004, section 353.32, subdivision 1a, is amended to read:

33.7 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member  
33.8 who has credit for not less than three years of allowable service and dies before the  
33.9 annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or  
33.10 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the  
33.11 surviving spouse may elect to receive, instead of a refund with interest under subdivision  
33.12 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal  
33.13 to the 100 percent joint and survivor annuity that the member could have qualified for  
33.14 had the member terminated service on the date of death.

33.15 (b) If the member was under age 55 and has credit for at least 30 years of allowable  
33.16 service on the date of death, the surviving spouse may elect to receive a 100 percent joint  
33.17 and survivor annuity based on the age of the member and surviving spouse on the date  
33.18 of death. The annuity is payable using the full early retirement reduction under section  
33.19 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction  
33.20 from age 55 to the age payment begins.

33.21 (c) If the member was under age 55 and has credit for at least three years of  
33.22 allowable service on the date of death but did not qualify for retirement, the surviving  
33.23 spouse may elect to receive the 100 percent joint and survivor annuity based on the age of  
33.24 the member and surviving spouse at the time of death. The annuity is payable using the  
33.25 full early retirement reduction under section 353.30, subdivision 1, 1b, 1c, or 5, to age 55  
33.26 and one-half of the early retirement reduction from age 55 to the age payment begins.

33.27 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision  
33.28 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving  
33.29 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed  
33.30 with the association. If there is no surviving spouse or child or children, a former spouse  
33.31 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a  
33.32 marriage dissolution decree but not a monthly surviving spouse optional annuity despite  
33.33 the terms of a marriage dissolution decree filed with the association.

33.34 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)  
33.35 may apply for the annuity at any time after the date on which the deceased employee

34.1 would have attained the required age for retirement based on the employee's allowable  
34.2 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b)  
34.3 or (c) may apply for an annuity any time after the member's death. The annuity must be  
34.4 computed under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a,  
34.5 1b, 1c, and 5; and ~~353.31, subdivision 3.~~

34.6 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred  
34.7 annuity or surviving spouse benefit payable under this subdivision. No payment may  
34.8 accrue beyond the end of the month in which entitlement to the annuity has terminated  
34.9 or upon expiration of the term certain benefit payment under subdivision 1b. An amount  
34.10 equal to any excess of the accumulated contributions that were credited to the account of  
34.11 the deceased employee over and above the total of the annuities paid and payable to the  
34.12 surviving spouse must be paid to the ~~deceased member's last designated beneficiary or, if~~  
34.13 ~~none, as specified under subdivision 1~~ surviving spouse's estate.

34.14 (g) A member may specify in writing that this subdivision does not apply and that  
34.15 payment may be made only to the designated beneficiary as otherwise provided by this  
34.16 chapter. The waiver of a surviving spouse annuity under this section does not make a  
34.17 dependent child eligible for benefits under subdivision 1c.

34.18 Sec. 23. Minnesota Statutes 2004, section 353.32, subdivision 1b, is amended to read:

34.19 Subd. 1b. **Survivor coverage term certain.** (a) In lieu of the 100 percent optional  
34.20 annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of  
34.21 a deceased member may elect to receive survivor coverage for a term certain of ~~five,~~  
34.22 ~~ten,~~ 15, or 20 years, but monthly payments must not exceed 75 percent of the average  
34.23 high-five monthly salary of the deceased member. The monthly term certain annuity must  
34.24 be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.

34.25 (b) If a surviving spouse elects a term certain annuity and dies before the expiration  
34.26 of the specified term certain period, the commuted value of the remaining annuity  
34.27 payments must be paid in a lump sum to the survivor's estate.

34.28 Sec. 24. Minnesota Statutes 2004, section 353.33, subdivision 1, is amended to read:

34.29 Subdivision 1. **Age, service, and salary requirements.** A coordinated member  
34.30 who has at least three years of allowable service and becomes totally and permanently  
34.31 disabled before normal retirement age, and a basic member who has at least three years  
34.32 of allowable service and who becomes totally and permanently disabled is entitled to a  
34.33 disability benefit in an amount determined under subdivision 3. If the disabled person's  
34.34 public service has terminated at any time, at least two of the required three years of

35.1 allowable service must have been rendered after last becoming a an active member. A  
35.2 repayment of a refund must be made within six months after the effective date of disability  
35.3 benefits under subdivision 2 or within six months after the date of the filing of the  
35.4 disability application, whichever is later. No purchase of prior service or payment made  
35.5 in lieu of salary deductions otherwise authorized under section 353.01, subdivision 16,  
35.6 ~~353.017, subdivision 4, or 353.36, subdivision 2~~, may be made after the occurrence of the  
35.7 disability for which an application under this section is filed.

35.8 Sec. 25. Minnesota Statutes 2004, section 353.33, subdivision 9, is amended to read:

35.9 Subd. 9. **Return to public service employment.** (a) Any person receiving a  
35.10 disability benefit under this section who is restored to ~~active public service except persons~~  
35.11 ~~receiving benefits as provided in~~ employment not covered by subdivision 7; or 7a shall  
35.12 have the disability benefit discontinued on the first day of the month following the return  
35.13 to employment.

35.14 (b) If the person is employed by a governmental subdivision as defined under  
35.15 section 353.01, subdivision 6, deductions must be taken for the retirement fund and upon  
35.16 subsequent retirement have the retirement annuity payable based upon all allowable  
35.17 service including that upon which the disability benefits were based.

35.18 (c) If the employment is not through public service covered under this chapter, the  
35.19 account may be placed on a deferred status and the subsequent retirement annuity must  
35.20 be calculated as provided in section 353.34, subdivision 3, if the person meets the length  
35.21 of allowable service requirement stated in that subdivision; or the person may request a  
35.22 refund of any remaining employee deductions. The refund shall be in an amount equal  
35.23 to the accumulated employee deductions plus six percent interest compounded annually  
35.24 less the sum of the disability benefits paid to the member.

35.25 Sec. 26. **[353.335] DISABILITANT EARNINGS REPORTS.**

35.26 Disability benefit recipients must report all earnings from reemployment and from  
35.27 income from workers' compensation to the association annually by May 15 in a format  
35.28 prescribed by the executive director. If the form is not submitted by May 15, benefits will  
35.29 be suspended effective June 1. Upon receipt of the form, if the disability benefit recipient  
35.30 is deemed to be eligible for continued payment, benefits will be reinstated retroactive  
35.31 to June 1.

35.32 Sec. 27. Minnesota Statutes 2004, section 353.34, subdivision 1, is amended to read:

36.1 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled  
 36.2 to a refund of accumulated employee deductions under subdivision 2, or to a deferred  
 36.3 annuity under subdivision 3. Application for a refund may not be made prior to the date  
 36.4 of termination of public service ~~or the termination of membership, whichever is sooner.~~  
 36.5 Except as specified in paragraph (b), a refund must be paid within 120 days following  
 36.6 receipt of the application unless the applicant has again become a public employee  
 36.7 required to be covered by the association.

36.8 (b) If an individual was ~~granted an authorized temporary~~ placed on layoff under  
 36.9 section 353.01, subdivision 12 or 12c, a refund is not payable before termination of  
 36.10 membership service under section 353.01, subdivision ~~11b, clause (3)~~ 11a.

36.11 (c) An individual who terminates public service covered by the Public Employees  
 36.12 Retirement Association general plan, the Public Employees Retirement Association police  
 36.13 and fire plan, or the public employees local government corrections service retirement  
 36.14 plan, and who is employed by a different employer and becomes an active member  
 36.15 covered by one of the other two plans, may receive a refund of employee contributions  
 36.16 plus six percent interest compounded annually from the plan in which the member  
 36.17 terminated service.

36.18 Sec. 28. Minnesota Statutes 2004, section 353.656, subdivision 4, is amended to read:

36.19 Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to  
 36.20 receive a disability benefit payment when there remains to the member's credit unused  
 36.21 annual leave or sick leave or under any other circumstances when, during the period of  
 36.22 disability, there has been no impairment of the person's salary as a police officer ~~or~~, a  
 36.23 firefighter, or a paramedic as defined in section 353.64, subdivision 10, whichever applies.

36.24 (b) If a disabled member resumes a gainful occupation with earnings ~~less than,~~  
 36.25 that when added to the normal disability benefit, and workers' compensation benefit  
 36.26 if applicable, exceed the disabilitant reemployment earnings limit, the amount of the  
 36.27 disability benefit must be reduced as provided in this paragraph. The disabilitant  
 36.28 reemployment earnings limit is the greater of:

36.29 (1) the salary earned at the date of disability; or

36.30 (2) 125 percent of the base salary currently paid by the employing governmental  
 36.31 subdivision for similar positions.

36.32 The disability benefit must be reduced by one dollar for each three dollars by which  
 36.33 the total amount of the current disability benefit, any workers' compensation benefits if  
 36.34 applicable, and actual earnings exceed the greater disabilitant reemployment earnings

37.1 limit. In no event may the disability benefit as adjusted under this subdivision exceed  
37.2 the disability benefit originally allowed.

37.3 Sec. 29. Minnesota Statutes 2004, section 353D.01, subdivision 2, is amended to read:

37.4 Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan  
37.5 is available to:

37.6 (1) elected local government officials of a governmental subdivision who elect to  
37.7 participate in the plan under section 353D.02, subdivision 1, and who, for the elected  
37.8 service rendered to a governmental subdivision, are not members of the Public Employees  
37.9 Retirement Association within the meaning of section 353.01, subdivision 7;

37.10 (2) physicians who, if they did not elect to participate in the plan under section  
37.11 353D.02, subdivision 2, would meet the definition of member under section 353.01,  
37.12 subdivision 7;

37.13 (3) basic and advanced life support emergency medical service personnel employed  
37.14 by ~~or providing services for any public ambulance service or privately operated ambulance~~  
37.15 ~~service that receives an operating subsidy from a governmental entity~~ that elects to  
37.16 participate under section 353D.02, subdivision 3;

37.17 (4) members of a municipal rescue squad associated with Litchfield in Meeker  
37.18 County, or of a county rescue squad associated with Kandiyohi County, if an independent  
37.19 nonprofit rescue squad corporation, incorporated under chapter 317A, performing  
37.20 emergency management services, and if not affiliated with a fire department or ambulance  
37.21 service and if its members are not eligible for membership in that fire department's or  
37.22 ambulance service's relief association or comparable pension plan; and

37.23 (5) employees of the Port Authority of the city of St. Paul who elect to participate in  
37.24 the plan under section 353D.02, subdivision 5, and who are not members of the Public  
37.25 Employees Retirement Association under section 353.01, subdivision 7.

37.26 (b) For purposes of this chapter, an elected local government official includes  
37.27 a person appointed to fill a vacancy in an elective office. Service as an elected local  
37.28 government official only includes service for the governmental subdivision for which the  
37.29 official was elected by the public-at-large. Service as an elected local government official  
37.30 ceases and eligibility to participate terminates when the person ceases to be an elected  
37.31 official. An elected local government official does not include an elected county sheriff.

37.32 (c) Individuals otherwise eligible to participate in the plan under this subdivision  
37.33 who are currently covered by a public or private pension plan because of their employment  
37.34 or provision of services are not eligible to participate in the public employees defined  
37.35 contribution plan.



38.1 (d) A former participant is a person who has terminated eligible employment or  
38.2 service and has not withdrawn the value of the person's individual account.

38.3 Sec. 30. Minnesota Statutes 2004, section 353D.02, subdivision 3, is amended to read:

38.4 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service  
38.5 ~~or privately operated ambulance service~~ with eligible personnel ~~that receives an operating~~  
38.6 ~~subsidy from a governmental entity~~ may elect to participate in the plan. If a service elects  
38.7 to participate, its eligible personnel may elect to participate or to decline to participate. An  
38.8 individual's election must be made within 30 days of the service's election to participate  
38.9 or 30 days of the date on which the individual was employed by the service or began to  
38.10 provide service for it, whichever date is later. An election by a service or an individual is  
38.11 revocable.

38.12 Sec. 31. Minnesota Statutes 2004, section 353E.02, subdivision 3, is amended to read:

38.13 Subd. 3. **County correctional institution.** A county correctional institution is:

38.14 (1) a jail administered by a county;

38.15 (2) a correctional facility administered by a county; ~~or~~

38.16 (3) a regional correctional facility administered by or on behalf of multiple counties;

38.17 or

38.18 (4) a juvenile correctional facility administered by a county or on behalf of multiple  
38.19 counties.

38.20 Sec. 32. Minnesota Statutes 2004, section 354.45, subdivision 1a, is amended to read:

38.21 Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a  
38.22 joint and survivor annuity option under subdivision 1 after June 30, 1989, the former  
38.23 member or disabilitant must receive a normal single life annuity if the designated optional  
38.24 annuity beneficiary dies before the former member or disabilitant. Under this option, no  
38.25 reduction may be made in the person's annuity to provide for restoration of the normal  
38.26 single life annuity in the event of the death of the designated optional annuity beneficiary.

38.27 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~  
38.28 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~  
38.29 ~~single life annuity is payable to the former member or the disabilitant if the designated~~  
38.30 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~  
38.31 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~  
38.32 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~  
38.33 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~

39.1 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~  
39.2 ~~receive retroactive payments for periods before that date~~The annuity adjustment specified  
39.3 in paragraph (a) also applies to joint and survivor annuity options under subdivision  
39.4 1 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on  
39.5 July 1, 1989, or on the first day of the first month following the death of the designated  
39.6 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted  
39.7 as authorizing retroactive payments.

39.8 ~~(c) The restoration of the normal single life annuity under this subdivision will take~~  
39.9 ~~effect on the first of the month following the date of death of the designated optional~~  
39.10 ~~annuity beneficiary or on the first of the month following one year before the date on~~  
39.11 ~~which a certified copy of the death record of the designated optional annuity beneficiary is~~  
39.12 ~~received in the office of the Teachers Retirement Association, whichever date is later.~~

39.13 Sec. 33. Minnesota Statutes 2004, section 354A.32, subdivision 1a, is amended to read:

39.14 Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant  
39.15 has selected a joint and survivor annuity option under subdivision 1 after June 30,  
39.16 1989, the former member or disabilitant must receive a normal single life annuity if the  
39.17 designated optional annuity beneficiary dies before the former member or disabilitant.  
39.18 Under this option, no reduction may be made in the person's annuity to provide for  
39.19 restoration of the normal single life annuity in the event of the death of the designated  
39.20 optional annuity beneficiary.

39.21 ~~(b) A former coordinated member or disabilitant who selected an optional joint~~  
39.22 ~~and survivor annuity before July 1, 1989, but did not choose an option that provides~~  
39.23 ~~that the normal single life annuity is payable to the former member or the disabilitant if~~  
39.24 ~~the designated optional annuity beneficiary dies first, is eligible for restoration of the~~  
39.25 ~~normal single life annuity if the designated optional annuity beneficiary dies first, without~~  
39.26 ~~further actuarial reduction of the person's annuity. A former member or disabilitant who~~  
39.27 ~~selected an optional joint and survivor annuity, but whose designated optional annuity~~  
39.28 ~~beneficiary died before July 1, 1989, shall receive a normal single life annuity after that~~  
39.29 ~~date, but shall not receive retroactive payments for periods before that date~~The annuity  
39.30 adjustment specified in paragraph (a) also applies to joint and survivor annuity options  
39.31 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on  
39.32 July 1, 1989, or on the first day of the first month following the death of the designated  
39.33 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted  
39.34 as authorizing retroactive payments.

40.1 ~~(c) A former coordinated member or disabilitant who took a further actuarial~~  
 40.2 ~~reduction to elect an optional joint and survivor annuity that provides that the normal~~  
 40.3 ~~annuity is payable to the former member or disabilitant if the designated optional~~  
 40.4 ~~beneficiary dies first but has not died before July 1, 1989, shall have the annuity increased~~  
 40.5 ~~as of July 1, 1989, to the amount the person would have received if, at the time of~~  
 40.6 ~~retirement or disability, the person had selected only optional survivor coverage that~~  
 40.7 ~~would not have provided for restoration of the normal annuity upon the death of the~~  
 40.8 ~~designated optional annuity beneficiary. Any annuity or benefit increase under this~~  
 40.9 ~~paragraph is effective only for payments made after June 30, 1989, and is not retroactive~~  
 40.10 ~~for payments made before July 1, 1989.~~

40.11 (d) Unless otherwise specified in this subdivision, the restoration of the normal single  
 40.12 life annuity under this subdivision will take effect on the first of the month following the  
 40.13 date of death of the designated optional annuity beneficiary or on the first of the month  
 40.14 following one year before the date on which a certified copy of the death record of the  
 40.15 designated optional annuity beneficiary is received in the office of the appropriate teachers  
 40.16 retirement fund association, whichever date is later.

40.17 Sec. 34. Minnesota Statutes 2004, section 354D.05, is amended to read:

40.18 **354D.05 CONTRIBUTIONS.**

40.19 Subdivision 1. **Member contributions.** ~~Eligible employees~~ (a) Participants in the  
 40.20 individual retirement account plan who are specified in section 354D.02, subdivision 2,  
 40.21 clause (1) or (2), and who would otherwise be eligible to participate in the members of a  
 40.22 Minnesota State Retirement System, the Public Employees Retirement Association, or the  
 40.23 Teachers Retirement Association plan, but who participate in the individual retirement  
 40.24 account plan, shall make a member contribution in an amount equal to the member  
 40.25 contribution amount required by the plan for which the individual was originally eligible  
 40.26 for membership. The contribution as specified in section 354B.23, subdivision 1.

40.27 (b) For individual retirement account plan members specified in section 354D.02,  
 40.28 subdivision 2, clause (3), the member contribution is the employee contribution specified  
 40.29 in applicable law for the Minnesota State Retirement System, Public Employees  
 40.30 Retirement Association, or Teachers Retirement Association plan in which the individual  
 40.31 would otherwise be a member.

40.32 (c) Contributions under this subdivision must be made by payroll deduction each  
 40.33 pay period and must be in accordance with either section 403(b) or 414(h) of the Internal  
 40.34 Revenue Code.

41.1 Subd. 2. **Employer contributions.** ~~(a) The employer of eligible employees an~~  
 41.2 ~~employee described in subdivision 1 who are eligible to participate in either the Minnesota~~  
 41.3 ~~State Retirement System or the Public Employees Retirement Association shall, paragraph~~  
 41.4 ~~(a), must make an employer contribution to the employee's individual retirement account~~  
 41.5 ~~plan in an amount equal to the employer contribution amount required by the plan for~~  
 41.6 ~~which the individual was originally eligible for membership~~ account as specified in section  
 41.7 354B.23, subdivisions 3 and 4.

41.8 ~~(b) The employer of eligible employees an employee described in subdivision 1~~  
 41.9 ~~who are eligible to participate in the Teachers Retirement Association shall, paragraph~~  
 41.10 ~~(b), must make an employer contribution to the employee's individual retirement account~~  
 41.11 ~~plan in an amount~~ account equal to the employer contribution including, if applicable,  
 41.12 any employer additional contribution required by section 354.42, subdivision 3, and  
 41.13 ~~shall make an employer contribution to the applicable plan law for the Minnesota State~~  
 41.14 Retirement System, Public Employees Retirement Association, or Teachers Retirement  
 41.15 Association in an amount equal to which the employer contribution required by section  
 41.16 354.42, subdivision 5 individual would otherwise be a member.

41.17 Sec. 35. Laws 2004, chapter 267, article 8, section 41, is amended to read:

41.18 Sec. 41. **REPEALER.**

41.19  
 41.20 ~~(a) Minnesota Statutes 2002, sections 353.33, subdivision 5b; and 490.11, are~~  
 41.21 ~~repealed on July 1, 2004.~~

41.22  
 41.23 ~~(b) Sections 3 and 19 are repealed on July 1, 2006.~~

41.24 Sec. 36. **REPEALER.**

41.25 Minnesota Statutes 2004, section 43A.34, subdivision 1, is repealed.

41.26 Sec. 37. **EFFECTIVE DATE.**

41.27 (a) Sections 1 and 36 are effective the day following final enactment.

41.28 (b) Sections 2 to 33 and 35 are effective July 1, 2006.

41.29 (c) Section 34 is effective the first day of the first payroll period next following  
 41.30 final enactment.

41.31 (d) Sections 3, 4, 20, 21, 32, and 33 are not intended to increase, modify, impair,  
 41.32 or diminish the benefit entitlements specified in the sections of Minnesota Statutes being  
 41.33 amended. If the executive director of the Minnesota State Retirement System, the Public

42.1 Employees Retirement Association, the Teachers Retirement Association, or a first  
42.2 class city teacher retirement fund association, whichever is applicable, determines that  
42.3 any provision of those sections does increase, modify, impair, or diminish the benefit  
42.4 entitlements as reflected in applicable law just prior to the effective date of this section,  
42.5 the applicable executive director shall certify that determination and a recommendation  
42.6 as to the required legislative correction to the chairs of the Legislative Commission on  
42.7 Pensions and Retirement, the house Governmental Operations and Veterans Affairs Policy  
42.8 Committee, the senate State and Local Governmental Operations Committee, and the  
42.9 executive director of the Legislative Commission on Pensions and Retirement.

42.10

**ARTICLE 4**

42.11

**PERA-P&F RETIREMENT PLAN CHANGES**

42.12 Section 1. Minnesota Statutes 2005 Supplement, section 353.656, subdivision 1,  
42.13 is amended to read:

42.14 Subdivision 1. **In line of duty; computation of benefits.** (a) A member of the  
42.15 police and fire plan who:

42.16 (1) has not met the requirements for a retirement annuity under section 353.651,  
42.17 subdivision 1, or

42.18 (2) has met the requirements for a retirement annuity under section 353.651,  
42.19 subdivision 1, but who does not have 20 years of credited service; and who becomes  
42.20 disabled and physically unfit to perform duties as a police officer, firefighter, or paramedic  
42.21 as defined under section 353.64, subdivision 10, as a direct result of an injury, sickness, or  
42.22 other disability incurred in or arising out of any act of duty, which has or is expected to  
42.23 render the member physically or mentally unable to perform the duties as a police officer,  
42.24 firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at  
42.25 least one year, shall receive disability benefits during the period of such disability.

42.26 (b) The benefits must be in an amount equal to 60 percent of the "average salary" as  
42.27 defined in section 353.01, subdivision 17a, plus an additional percent specified in section  
42.28 356.315, subdivision 6, of that average salary for each year of service in excess of 20  
42.29 years. If the disability under this subdivision occurs before the member has at least five  
42.30 years of allowable service credit in the police and fire plan, the disability benefit must be  
42.31 computed on the "average salary" from which deductions were made for contribution to  
42.32 the police and fire fund.

42.33 Sec. 2. Minnesota Statutes 2004, section 353.656, subdivision 3, is amended to read:

43.1 Subd. 3. **Nonduty disability benefit.** (a) Any member of the police and fire plan  
43.2 who:

43.3 (1) has not met the requirements for a retirement annuity under section 353.651,  
43.4 subdivision 1, or

43.5 (2) has met the requirements for a retirement annuity under section 353.651,  
43.6 subdivision 1, but who does not have 15 years of credited service; and who becomes  
43.7 disabled after not less than one year of allowable service because of sickness or injury  
43.8 occurring while not on duty as a police officer, firefighter, or paramedic as defined under  
43.9 section 353.64, subdivision 10, and by reason of that sickness or injury the member has  
43.10 been or is expected to be unable to perform the duties as a police officer, firefighter, or  
43.11 paramedic as defined under section 353.64, subdivision 10, for a period of at least one  
43.12 year, is entitled to receive a disability benefit.

43.13 (b) The benefit must be paid in the same manner as if the benefit were paid under  
43.14 section 353.651. If a disability under this subdivision occurs after one but in less than 15  
43.15 years of allowable service, the disability benefit must be the same as though the member  
43.16 had at least 15 years service. For a member who is employed as a full-time firefighter  
43.17 by the Department of Military Affairs of the state of Minnesota, allowable service as a  
43.18 full-time state Military Affairs Department firefighter credited by the Minnesota State  
43.19 Retirement System may be used in meeting the minimum allowable service requirement  
43.20 of this subdivision.

43.21 Sec. 3. Minnesota Statutes 2004, section 353.656, subdivision 6a, is amended to read:

43.22 Subd. 6a. **Disability survivor benefits.** If a member who is receiving a disability  
43.23 benefit under subdivision 1 or 3:

43.24 ~~(a)~~ (1) dies before attaining the age 65 required for receipt of a retirement annuity  
43.25 under section 353.651, subdivision 1, or within five years of the effective date of the  
43.26 disability, whichever is later, the surviving spouse shall receive a survivor benefit under  
43.27 section 353.657, subdivision 2 or 2a, unless the surviving spouse elected to receive a  
43.28 refund under section 353.32, subdivision 1. The joint and survivor optional annuity under  
43.29 subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the  
43.30 deceased member's allowable service, whichever is greater;

43.31 ~~(b)~~ (2) is living at the age 65 required for receipt of a retirement annuity under  
43.32 section 353.651, subdivision 1, or five years after the effective date of the disability,  
43.33 whichever is later, the member may continue to receive a normal disability benefit,  
43.34 or the member may elect a joint and survivor optional annuity under section 353.30.  
43.35 The optional annuity is based on the minimum disability benefit under subdivision 1 or

44.1 3, or the member's allowable service, whichever is greater. The election of this joint  
 44.2 and survivor annuity must occur within 90 days of the age-65 required for receipt of a  
 44.3 retirement annuity under section 353.651, subdivision 1, or the five-year anniversary of the  
 44.4 effective date of the disability benefit, whichever is later. The optional annuity takes effect  
 44.5 the first of the month following the month in which the person attains the age-65 required  
 44.6 for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the  
 44.7 five-year anniversary of the effective date of the disability benefit, whichever is later; or  
 44.8 (c) if there is (3) has a dependent child or children under paragraph (a) or (b) clause  
 44.9 (1) or (2), the association shall grant a dependent child benefit under section 353.657,  
 44.10 subdivision 3.

44.11 Sec. 4. **REIMBURSEMENT OF CERTAIN PERA-P&F PENSION COSTS;**  
 44.12 **APPROPRIATION.**

44.13 An amount equal to the applicable actuarial present value of the survivor benefits  
 44.14 attributable to a member of the city of St. Louis Park police department who died on  
 44.15 February 21, 2005, plus interest at the rate of 0.71 percent per month since July 1, 2005, is  
 44.16 appropriated from the general fund in fiscal year 2006 to the commissioner of finance for  
 44.17 payment to the public employees police and fire retirement fund. The actuarial present  
 44.18 value of this survivor benefit must be calculated by the consulting actuary retained under  
 44.19 Minnesota Statutes, section 356.214, based on the applicable mortality assumption and  
 44.20 postretirement interest rate used for the June 30, 2005, actuarial valuation and must be  
 44.21 certified by the executive director of the Public Employees Retirement Association.

44.22 Sec. 5. **EFFECTIVE DATE.**

44.23 (a) Sections 1 to 3 are effective July 1, 2006.

44.24 (b) Section 4 is effective the day following final enactment.

44.25 **ARTICLE 5**

44.26 **PRIVATIZATION RETIREMENT COVERAGE CHANGE**

44.27 Section 1. Minnesota Statutes 2004, section 352F.04, is amended to read:

44.28 **352F.04 AUGMENTATION INTEREST RATE RATES FOR TERMINATED**  
 44.29 **UNIVERSITY HOSPITAL PRIVATIZED EMPLOYEES.**

44.30 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a  
 44.31 terminated hospital employee who attained that status prior to the effective date of this  
 44.32 section is subject to augmentation in accordance with under Minnesota Statutes 1994,

45.1 section 352.72, subdivision 2, except that the rate of ~~interest for this purpose~~ augmentation  
 45.2 is 5.5 percent compounded annually until January 1 following the year in which ~~such the~~  
 45.3 person attains age 55. From that date to the effective date of retirement, the augmentation  
 45.4 rate is 7.5 percent compounded annually. ~~These~~

45.5 (b) If a terminated hospital employee attained that status on or after the effective date  
 45.6 of this section, the augmentation rate is four percent compounded annually until January  
 45.7 1, following the year in which the person attains age 55. From that date to the effective  
 45.8 date of retirement, the augmentation rate is six percent compounded annually.

45.9 Subd. 2. Exceptions. The increased augmentation rates are no longer applicable for  
 45.10 any time after specified in subdivision 1 do not apply if the terminated hospital employee  
 45.11 or Academic Health Center employee;

45.12 (1) becomes covered again by a retirement fund plan enumerated in section 356.30,  
 45.13 subdivision 3. ~~These increased deferred annuity augmentation rates do not apply to a~~  
 45.14 terminated transferred hospital employee or Academic Health Center employee who; or

45.15 (2) begins receipt of a retirement annuity while employed by Fairview the employer  
 45.16 which assumed operations of the medical facility or other public employing unit or  
 45.17 purchased the medical facility or other public employing unit.

45.18 Sec. 2. Minnesota Statutes 2005 Supplement, section 353F.02, subdivision 4, is  
 45.19 amended to read:

45.20 Subd. 4. **Medical facility.** "Medical facility" means:

- 45.21 (1) Bridges Medical Services;  
 45.22 (2) the City of Cannon Falls Hospital;  
 45.23 (3) the Dassel Lakeside Community Home;  
 45.24 (4) the Fair Oaks Lodge, Wadena;  
 45.25 ~~(3)~~ (5) the Glencoe Area Health Center;  
 45.26 ~~(4)~~ (6) the Hutchinson Area Health Care;  
 45.27 ~~(5)~~ (7) the Kanabec Hospital;  
 45.28 ~~(6)~~ (8) the Luverne Public Hospital;  
 45.29 ~~(7)~~ (9) the Northfield Hospital;  
 45.30 ~~(8)~~ (10) the RenVilla Nursing Home;  
 45.31 ~~(9)~~ (11) the Renville County Hospital in Olivia;  
 45.32 ~~(10)~~ (12) the St. Peter Community Healthcare Center; and  
 3 ~~(11)~~ (13) the Waconia-Ridgeview Medical Center.



46.1 Sec. 3. Minnesota Statutes 2004, section 353F.04, is amended to read:

46.2 **353F.04 AUGMENTATION INTEREST RATE RATES FOR TERMINATED**  
46.3 **MEDICAL OR OTHER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.**

46.4 **Subdivision 1. Enhanced augmentation rates.** (a) The deferred annuity of  
46.5 a terminated medical facility or other public employing unit employee is subject to  
46.6 augmentation ~~in accordance with~~ under section 353.71, subdivision 2, of the edition of  
46.7 Minnesota Statutes published in the year in which the privatization occurred, except that  
46.8 the rate of ~~interest for this purpose~~ augmentation is as specified in paragraph (b) or (c),  
46.9 whichever is applicable.

46.10 (b) This paragraph applies if the legislation adding the medical facility or other  
46.11 employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before  
46.12 July 26, 2005, and became effective before January 1, 2007. For a terminated medical  
46.13 facility or other public employing unit employee, the augmentation rate is 5.5 percent  
46.14 compounded annually until January 1 following the year in which ~~such~~ the person attains  
46.15 age 55. From that date to the effective date of retirement, the augmentation rate is 7.5  
46.16 percent compounded annually. ~~These~~

46.17 (c) If paragraph (b) is not applicable, the augmentation rate is four percent  
46.18 compounded annually until January 1, following the year in which the person attains age  
46.19 55. From that date to the effective date of retirement, the augmentation rate is six percent  
46.20 compounded annually.

46.21 **Subd. 2. Exceptions.** ~~The increased augmentation rates are no longer applicable for~~  
46.22 ~~any time after~~ specified in subdivision 1 do not apply if the terminated medical facility  
46.23 or other public employing unit employee:

46.24 (1) becomes covered again by a retirement ~~fund~~ plan enumerated in section 356.30,  
46.25 subdivision 3. ~~These increased deferred annuity augmentation rates do not apply to a~~  
46.26 ~~terminated transferred medical facility or other public employing unit employee who; or~~

46.27 (2) begins receipt of a retirement annuity while employed by the employer which  
46.28 assumed operations of the medical facility or other public employing unit or purchased the  
46.29 medical facility or other public employing unit.

46.30 Sec. 4. **EFFECTIVE DATE.**

46.31 (a) Sections 1 and 3 are effective the day following final enactment and section 3  
46.32 has effect retroactively from July 25, 2005.

46.33 (b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the  
46.34 latter of:

47.1 (1) the day after the governing body of the Cannon Falls Hospital District and its  
47.2 chief clerical officer meet the requirements under Minnesota Statutes, section 645.021,  
47.3 subdivisions 2 and 3; and

47.4 (2) the first day of the month following certification to the Cannon Falls Hospital  
47.5 District by the executive director of the Public Employees Retirement Association that the  
47.6 actuarial accrued liability of the special benefit coverage proposed for extension to the  
47.7 privatized City of Cannon Falls Hospital employees under section 1 does not exceed the  
47.8 actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as  
47.9 calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.  
47.10 The cost of the actuarial calculations must be borne by the current employer or by the  
47.11 entity which is the employer following the privatization.

47.12 (c) Section 2 with respect to the Dassel Lakeside Community Home is effective  
47.13 upon the latter of:

47.14 (1) the day after the governing body of the city of Dassel and its chief clerical officer  
47.15 timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2  
47.16 and 3; and

47.17 (2) the first day of the month next following certification to the Dassel City  
47.18 Council by the executive director of the Public Employees Retirement Association that  
47.19 the actuarial accrued liability of the special benefit coverage proposed for extension to  
47.20 the privatized Dassel Lakeside Community Home employees under section 2 does not  
47.21 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement  
47.22 Association, as calculated by the consulting actuary retained under Minnesota Statutes,  
47.23 section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel  
47.24 or by the entity which is the employer following the privatization.

## 47.25 ARTICLE 6

### 47.26 SOCIAL SECURITY COVERAGE CHANGES

47.27 Section 1. Minnesota Statutes 2004, section 355.01, subdivision 3g, is amended to read:

47.28 Subd. 3g. **Local governmental subdivision.** "Local governmental subdivision"  
47.29 means:

47.30 (1) a political subdivision as defined in section 218(b) of the Social Security Act;

47.31 (2) an instrumentality of the state;

47.32 (3) an instrumentality of one or more of the political subdivisions of the state;  
47.33 ~~including the League of Minnesota Cities;~~

47.34 (4) an instrumentality of the state and one or more of its political subdivisions;

47.35 (5) a governmental subdivision as defined in section 353.01, subdivision 6; and

48.1 (6) any instrumentality established under a joint powers agreement under section  
48.2 471.59 wherein the instrumentality is responsible for the employment and the payment of  
48.3 the salaries of the employees of the instrumentality.

48.4 Sec. 2. Minnesota Statutes 2004, section 355.02, subdivision 1, is amended to read:

48.5 Subdivision 1. **General authority.** (a) The director, with the approval of the  
48.6 governor, is hereby authorized to enter into an agreement on behalf of the state, its political  
48.7 subdivisions, and its other governmental employers, with the federal Secretary of Health  
48.8 and Human Services, consistent with the terms and provisions of this chapter, for the  
48.9 purpose of extending the benefits of the federal old age, survivors, and disability insurance  
48.10 system to employees of the state or any political subdivision thereof who hold positions  
48.11 covered by a retirement system with respect to services specified in the agreement which  
48.12 constitute "employment;" ~~whenever so specifically authorized by the statutory provisions~~  
48.13 ~~of this state pertaining to any coverage group of such employees to which the agreement~~  
48.14 ~~may become applicable under the Social Security Act.~~

48.15 (b) ~~Under this specific authorization~~ The agreement may contain those provisions  
48.16 relating to coverage, benefits, contributions, effective date, modification and termination  
48.17 of the agreement, administration, and other appropriate provisions as the director and the  
48.18 federal Secretary of Health and Human Services shall agree upon, but, except as may be  
48.19 otherwise required by or under the Social Security Act as to the services to be covered,  
48.20 such agreement must provide in effect that:

48.21 (1) benefits will be provided for employees whose services are covered by the  
48.22 agreement (and their dependents and survivors) on the same basis as though those services  
48.23 constituted employment within the meaning of title II of the Social Security Act;

48.24 (2) the state or other employer will pay to the federal Secretary of the Treasury, at  
48.25 such time or times as may be prescribed under the Social Security Act, contributions  
48.26 with respect to wages, equal to the sum of the taxes which would be imposed by the  
48.27 Federal Insurance Contributions Act if the services covered by the agreement constituted  
48.28 employment within the meaning of that act;

48.29 (3) the agreement is effective with respect to services in employment covered by the  
48.30 agreement performed after a date specified therein; and

48.31 (4) all services which constitute employment and are performed in the employ of  
48.32 the state or any of its political subdivisions by employees thereof, may be covered by the  
48.33 agreement ~~whenever so specifically authorized by the statutory provisions of this state~~  
48.34 ~~pertaining to any coverage group of such employees to which the agreement may become~~  
48.35 ~~applicable under the Social Security Act.~~

49.1 Sec. 3. Minnesota Statutes 2004, section 355.02, subdivision 3, is amended to read:

49.2 Subd. 3. **Groups covered by Social Security.** (a) The following groups having  
49.3 coverage under a retirement plan in section 356.30, subdivision 3, except clauses (4) and  
49.4 (8) must be covered by an agreement or a modification to an agreement between the  
49.5 director and the federal Secretary of Health and Human Services:

- 49.6 (1) constitutional officers;
- 49.7 (2) Duluth teachers;
- 49.8 (3) educational employees;
- 49.9 (4) higher education employees;
- 49.10 (5) hospital employees;
- 49.11 (6) judges;
- 49.12 (7) legislators;
- 49.13 (8) Minneapolis teachers;
- 49.14 (9) public employees;
- 49.15 (10) St. Paul teachers; and
- 49.16 (11) ~~special authority or district employees; and~~
- 49.17 ~~(12) state employees.~~

49.18 (b) The following groups must be covered prospectively following the referendum  
49.19 in subdivision 4 and the modification to the state Social Security agreement under  
49.20 subdivision 1:

49.21 (1) special authority or district employees in positions covered by a retirement plan  
49.22 provided by the employer; and

49.23 (2) local elected officials of a local governmental subdivision or of a special authority  
49.24 or district holding positions covered by the defined contribution plan under chapter 353D.

49.25 (c) Each local governmental subdivision or special authority or district desiring  
49.26 inclusion in the state Social Security agreement for groups covered by paragraph (b) must  
49.27 request such coverage by submitting a formal resolution to the director, including therein  
49.28 the desired starting date for Social Security coverage.

49.29 (d) For purposes of paragraph (b), clause (2), the defined contribution plan of the  
49.30 Public Employees Retirement Association is considered a separate retirement system with  
49.31 respect to each local governmental subdivision or special authority or district, and the  
49.32 elected officials in a local governmental subdivision or in a special authority or district  
49.33 must be treated separately and independently from the other governmental subdivisions.

49.34 Sec. 4. Minnesota Statutes 2004, section 355.02, is amended by adding a subdivision  
49.35 to read:

50.1           Subd. 4. Referendum. The director shall authorize and supervise a referendum  
50.2 under section 218(d)(6)(C) of the Social Security Act to be held on the date or dates set by  
50.3 the local governmental subdivision or by the special authority or district desiring inclusion  
50.4 under subdivision 3, paragraph (b). The referendum must permit each eligible employee  
50.5 the opportunity to elect Social Security coverage. The notice of referendum required by  
50.6 section 218(d) of the Social Security Act must contain a statement sufficient to inform  
50.7 the person of the rights which accrue under the Social Security Act and the employee  
50.8 contribution rates applicable to the program. The cost of the referendum must be borne  
50.9 by the governmental subdivision. The director, on receiving satisfactory evidence that  
50.10 the conditions required by section 218 of the Social Security Act have been met, must  
50.11 so certify to the Secretary of Health and Human Services.

50.12           Sec. 5. Minnesota Statutes 2004, section 355.02, is amended by adding a subdivision  
50.13 to read:

50.14           Subd. 5. Retroactive Social Security coverage. An employee or elected official  
50.15 who elects Social Security coverage under subdivision 4 may obtain retroactive coverage  
50.16 for the period specified in the modification of the agreement if the individual is employed  
50.17 by the local governmental subdivision or by the special authority or district on the date of  
50.18 the modification of the agreement. The employee or elected official must pay an amount  
50.19 equal to the taxes which would have been imposed on the person by the Federal Insurance  
50.20 Contributions Act had the service been covered at the time performed. The employing  
50.21 local governmental subdivision or special authority or district must pay the necessary  
50.22 employer contributions for the retroactive period. Nothing in this section shall require an  
50.23 employee or elected official to elect retroactive Social Security coverage.

50.24           Sec. 6. [355.095] OPTIONAL MEDICARE COVERAGE FOR CERTAIN  
50.25 PUBLIC EMPLOYEES.

50.26           Subdivision 1. Agreement. (a) The director, on behalf of the state, its political  
50.27 subdivisions, and its other governmental employers, is authorized to enter into an  
50.28 agreement with the Secretary of Health and Human Services to extend the provisions of  
50.29 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph  
50.30 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who  
50.31 do not have coverage by the federal old age, survivors, and disability insurance program  
50.32 for that employment under any previous modification of the agreement or previous  
50.33 Medicare referendum.

50.34           (b) The applicable employees are:

51.1 (1) employees who are members of one of the retirement plans in section 356.30,  
51.2 subdivision 3, except clauses (4) and (8), based on continuous employment since March  
51.3 31, 1986; and

51.4 (2) employees of a special authority or district who have been continuously  
51.5 employed by the special authority or district since March 31, 1986.

51.6 Subd. 2. Referendum. (a) Each local governmental subdivision or special authority  
51.7 or district desiring inclusion in the state Social Security agreement under subdivision 1  
51.8 must request such coverage by submitting a formal resolution to the director, including  
51.9 therein the desired starting date for Social Security coverage.

51.10 (b) The director shall authorize a referendum on the question of extending the  
51.11 provisions of United States Code, title 42, sections 426, 426-1, and 1395c. The director  
51.12 shall supervise the referendum in accordance with the requirements of United States Code,  
51.13 title 42, section 418, on the date or dates set. The cost of such referendum must be borne by  
51.14 the requesting retirement plan, or the requesting special authority or district. The notice of  
51.15 the referendum provided to each eligible employee must contain a statement sufficient to  
51.16 inform the person of the rights available as an employee in Medicare qualified government  
51.17 employment and the employee contribution rates applicable to the program. The  
51.18 referendum must permit each eligible employee the opportunity to vote in such referendum  
51.19 in accordance with the requirements in the Social Security Act. The director, on receiving  
51.20 satisfactory evidence that the conditions specified in United States Code, title 42, section  
51.21 418(d)(7) have been met, must so certify to the Secretary of Health and Human Services.

51.22 Subd. 3. Contributions. Employers must pay the necessary employer contributions  
51.23 and make the necessary deductions from salary for employees who elect to participate in  
51.24 the federal Medicare program under this section and as required by federal law.

51.25 Subd. 4. Retroactive Medicare coverage. An individual who obtains Medicare  
51.26 coverage through the referendum under subdivision 2 may obtain retroactive coverage for  
51.27 the period specified in the modification of the agreement if employed by the governmental  
51.28 subdivision or by the special authority or district on the date of the modification of the  
51.29 agreement. The individual must pay an amount equal to the Medicare taxes which would  
51.30 have been imposed on the employee had the service been covered at the time performed.  
51.31 The employing local governmental subdivision or special authority or district must pay  
51.32 the necessary employer contributions for the retroactive Medicare coverage period.  
51.33 Nothing in this section shall require an employee or elected official to elect retroactive  
4 Medicare coverage.

51.35 Sec. 7. EFFECTIVE DATE.

52.1 Sections 1 to 6 are effective the day following final enactment.

52.2 **ARTICLE 7**

52.3 **SUPPLEMENTAL RETIREMENT PLAN COVERAGE CHANGES**

52.4 Section 1. Minnesota Statutes 2004, section 356.24, subdivision 1, is amended to read:

52.5 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other  
52.6 governmental subdivision or state agency to levy taxes for, or to contribute public funds to  
52.7 a supplemental pension or deferred compensation plan that is established, maintained,  
52.8 and operated in addition to a primary pension program for the benefit of the governmental  
52.9 subdivision employees other than:

52.10 (1) to a supplemental pension plan that was established, maintained, and operated  
52.11 before May 6, 1971;

52.12 (2) to a plan that provides solely for group health, hospital, disability, or death  
52.13 benefits;

52.14 (3) to the individual retirement account plan established by chapter 354B;

52.15 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring  
52.16 or terminating employee;

52.17 (5) for employees other than personnel employed by the Board of Trustees of the  
52.18 Minnesota State Colleges and Universities and covered under the Higher Education  
52.19 Supplemental Retirement Plan under chapter 354C, if the supplemental plan coverage is  
52.20 provided for in a personnel policy of the public employer or in the collective bargaining  
52.21 agreement between the public employer and the exclusive representative of public  
52.22 employees in an appropriate unit, in an amount matching employee contributions on a  
52.23 dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per  
52.24 employee;

52.25 (i) to the state of Minnesota deferred compensation plan under section 352.96; or

52.26 (ii) in payment of the applicable portion of the contribution made to any investment  
52.27 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has  
52.28 complied with any applicable pension plan provisions of the Internal Revenue Code with  
52.29 respect to the tax-sheltered annuity program during the preceding calendar year;

52.30 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
52.31 and Universities and not covered by clause (5), to the supplemental retirement plan under  
52.32 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy  
52.33 or in the collective bargaining agreement of the public employer with the exclusive  
52.34 representative of the covered employees in an appropriate unit, in an amount matching

53.1 employee contributions on a dollar for dollar basis, but not to exceed an employer  
53.2 contribution of \$2,700 a year for each employee;

53.3 (7) to a supplemental plan or to a governmental trust to save for postretirement  
53.4 health care expenses qualified for tax-preferred treatment under the Internal Revenue  
53.5 Code, if the supplemental plan coverage is provided for in a personnel policy or in the  
53.6 collective bargaining agreement of a public employer with the exclusive representative of  
53.7 the covered employees in an appropriate unit;

53.8 (8) to the laborer's national industrial pension fund or to a laborer's local pension  
53.9 fund for the employees of a governmental subdivision who are covered by a collective  
53.10 bargaining agreement that provides for coverage by that fund and that sets forth a fund  
53.11 contribution rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year  
53.12 per employee;

53.13 (9) to the plumbers' and pipefitters' national pension fund or to a plumbers' and  
53.14 pipefitters' local pension fund for the employees of a governmental subdivision who are  
53.15 covered by a collective bargaining agreement that provides for coverage by that fund  
53.16 and that sets forth a fund contribution rate, but not to exceed an employer contribution  
53.17 of ~~\$2,000~~ \$5,000 per year per employee;

53.18 (10) to the International Union of Operating Engineers pension fund for the  
53.19 employees of a governmental subdivision who are covered by a collective bargaining  
53.20 agreement that provides for coverage by that fund and that sets forth a fund contribution  
53.21 rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per employee;  
53.22 **or**

53.23 (11) to a supplemental plan organized and operated under the federal Internal  
53.24 Revenue Code, as amended, that is wholly and solely funded by the employee's  
53.25 accumulated sick leave, accumulated vacation leave, and accumulated severance pay; or

53.26 (12) to the International Association of Machinists national pension fund for the  
53.27 employees of a governmental subdivision who are covered by a collective bargaining  
53.28 agreement that provides for coverage by that fund and that sets forth a fund contribution  
53.29 rate, but not to exceed an employer contribution of \$5,000 per year per employee.

53.30 **Sec. 2. EFFECTIVE DATE.**

53.31 Section 1 is effective the day following final enactment.



## ARTICLE 8

## RETIREMENT FUND INVESTMENT AUTHORITY CHANGES

Section 1. Minnesota Statutes 2004, section 354A.08, is amended to read:

**354A.08 AUTHORIZED INVESTMENTS.**

In addition to investments authorized under section 356A.06, subdivision 7, a teachers retirement fund association may receive, hold, and dispose of real estate or personal property acquired by it, whether the acquisition was by purchase, or any other lawful means, as provided in this chapter or in the association's articles of incorporation. In addition to other authorized real estate investments, an association may also invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust. The board may also certify assets for investment by the State Board of Investment as provided under section 11A.17.

Sec. 2. Minnesota Statutes 2004, section 354A.28, subdivision 5, is amended to read:

**Subd. 5. Investment.** The assets of the annuity reserve fund must be invested, reinvested, and retained ~~in the discretion of~~ by the board of trustees of the Minneapolis Teachers Retirement Fund Association in authorized investments under section ~~11A.24~~ 356A.06, subdivision 7.

Sec. 3. Minnesota Statutes 2004, section 356.219, subdivision 3, is amended to read:

**Subd. 3. Content of reports.** (a) The report required by subdivision 1 must include a written statement of the investment policy ~~in effect on June 30, 1997, if that statement has not been previously submitted.~~ Following that ~~date~~ initial report, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If after four years of reporting under this paragraph, the total portfolio time weighted rate of return, net of all investment related costs and fees, provided by the public pension plan differs by no more than 0.1 percent from the comparable return for the plan calculated by the office of the state auditor, and if a public pension plan has a total market value of ~~\$10,000,000~~ \$25,000,000 or more as of the beginning of the calendar year, and if the public pension plan's annual audit is performed by the state auditor or by the legislative auditor, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each ~~investment account, investment portfolio, or asset~~

55.1 class included in the pension fund as of the beginning of the calendar year and as of the  
 55.2 end of the calendar year. At the discretion of the state auditor, the public pension plan may  
 55.3 be required to submit the market value of the total portfolio and the market value of each  
 55.4 investment account, investment portfolio, or asset class included in the pension fund for  
 55.5 each month, and the amount and date of each injection and withdrawal to the total portfolio  
 55.6 and to each investment account, investment portfolio, or asset class. If a public pension  
 55.7 plan once files a report under this paragraph the market value of a public pension plan's  
 55.8 fund drops below \$25,000,000 in a subsequent year, it must continue reporting under this  
 55.9 paragraph for any subsequent year in which the public pension plan is not fully invested as  
 55.10 specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in  
 55.11 market value in that subsequent year except that if the public pension plan's annual audit  
 55.12 is not performed by the state auditor or legislative auditor, paragraph (c) applies.

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

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

55.28 (d) (e) If a public pension plan has a total market value of less than \$10,000,000  
 55.29 \$25,000,000 as of the beginning of the calendar year and was never required to file under  
 55.30 paragraph (b) or (c), the report required by subdivision 1 must include the amount and  
 55.31 date of each total portfolio injection and withdrawal. In addition, the report must include  
 55.32 the market value of the total portfolio as of the beginning of the calendar year and for  
 55.33 each quarter.

55.34 (e) (f) Any public pension plan reporting under paragraph (b) or (d) may (c) must  
 55.35 include computed time-weighted rates of return with the report, in addition to all other  
 55.36 required information, as applicable. If these returns are supplied, the individual who

56.1 ~~computed~~ The chief administrative officer of the public pension plan submitting the returns  
56.2 must certify on a form prescribed by the state auditor that the returns have been computed  
56.3 by the pension plan's investment performance consultant or custodial bank. The chief  
56.4 administrative officer of the public pension plan submitting the returns also must certify  
56.5 that the returns are net of all costs and fees, including investment management fees, and  
56.6 that the procedures used to compute the returns are consistent with Bank Administration  
56.7 Institute studies of investment performance measurement and Association for Investment  
56.8 Management and Research presentation standards set by the Certified Financial Analyst  
56.9 Institute. If the certifications required under this paragraph are not provided, the reporting  
56.10 requirements of paragraph (c) apply.

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

56.24 Sec. 4. Minnesota Statutes 2004, section 356.219, subdivision 6, is amended to read:

56.25 Subd. 6. **Investment disclosure report.** (a) The state auditor shall prepare an annual  
56.26 report to the legislature on the investment performance of the various public pension plans  
56.27 subject to this section. The content of the report is specified in paragraphs (b) to ~~(e)~~ (f).

56.28 (b) For each public pension plan reporting under subdivision 3, paragraph (b), the  
56.29 state auditor shall ~~compute and~~ report total portfolio and asset class time-weighted rates of  
56.30 return, net of all investment-related costs and fees. If the state auditor has required a plan  
56.31 to submit the market value of the total portfolio and the market value of each investment  
56.32 account, investment portfolio, or asset class included in the pension fund for each month,  
56.33 and the amount and date of each injection and withdrawal to the total portfolio and to each  
56.34 investment account, investment portfolio, or asset class as prescribed under subdivision

57.1 3, paragraph (b), the state auditor shall also compute and report total portfolio and asset  
 57.2 class time-weighted rates of return, net of all costs and fees.

57.3 (c) For each public pension plan reporting under subdivision 3, paragraph (c), the  
 57.4 state auditor shall compute and report total portfolio and asset class time-weighted rates of  
 57.5 return, net of all costs and fees.

57.6 (d) For each public pension plan reporting under subdivision 3, paragraph ~~(d)~~ (e),  
 57.7 the state auditor shall compute and report total portfolio time-weighted rates of return, net  
 57.8 of all costs and fees. If the state auditor has requested data for a plan under subdivision 3,  
 57.9 paragraph ~~(f)~~ (g), the state auditor may also compute and report asset class time-weighted  
 57.10 rates of return, net of all costs and fees.

57.11 ~~(d)~~ (e) The report by the state auditor must include the information submitted by the  
 57.12 pension plans under subdivision 3, paragraph ~~(e)~~ (d), or a synopsis of that information.

57.13 ~~(e)~~ (f) The report by the state auditor may also include a presentation of multiyear  
 57.14 performance, information collected under subdivision 4, and any other information or  
 57.15 analysis deemed appropriate by the state auditor.

57.16 Sec. 5. Minnesota Statutes 2005 Supplement, section 356A.06, subdivision 7, is  
 57.17 amended to read:

57.18 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.**  
 57.19 Except to the extent otherwise authorized by law ~~or bylaws~~, a covered pension plan not  
 57.20 described by subdivision 6, paragraph (a), ~~may~~ shall invest its assets only in accordance  
 57.21 with this subdivision.

57.22 (b) **Securities generally.** The covered pension plan has the authority to purchase,  
 57.23 sell, lend, or exchange the securities specified in paragraphs (c) to ~~(h)~~ (i), including  
 57.24 puts and call options and future contracts traded on a contract market regulated by a  
 57.25 governmental agency or by a financial institution regulated by a governmental agency.  
 57.26 These securities may be owned as units in commingled trusts that own the securities  
 57.27 described in paragraphs (c) to ~~(h)~~ (i), including real estate investment trusts and insurance  
 57.28 company commingled accounts, including separate accounts.

57.29 (c) **Government obligations.** The covered pension plan may invest funds in  
 57.30 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness  
 57.31 provided the issue is backed by the full faith and credit of the issuer or the issue is rated  
 57.32 among the top four quality rating categories by a nationally recognized rating agency. The  
 57.33 obligations in which funds may be invested under this paragraph include guaranteed or  
 57.34 insured issues of (1) the United States, its agencies, its instrumentalities, or organizations  
 57.35 created and regulated by an act of Congress; (2) Canada and its provinces, provided

58.1 the principal and interest is payable in United States dollars; (3) the states and their  
58.2 municipalities, political subdivisions, agencies, or instrumentalities; (4) the International  
58.3 Bank for Reconstruction and Development, the Inter-American Development Bank, the  
58.4 Asian Development Bank, the African Development Bank, or any other United States  
58.5 government sponsored organization of which the United States is a member, provided the  
58.6 principal and interest is payable in United States dollars.

58.7 (d) **Corporate obligations.** The covered pension plan may invest funds in bonds,  
58.8 notes, debentures, transportation equipment obligations, or any other longer term  
58.9 evidences of indebtedness issued or guaranteed by a corporation organized under the laws  
58.10 of the United States or any state thereof, or the Dominion of Canada or any province  
58.11 thereof if they conform to the following provisions:

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

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

58.17 (e) **Other obligations.** (1) The covered pension plan may invest funds in  
58.18 bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage  
58.19 participation certificates and pools, asset backed securities, repurchase agreements and  
58.20 reverse repurchase agreements, guaranteed investment contracts, savings accounts, and  
58.21 guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance  
58.22 companies if they conform to the following provisions:

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

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

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

58.34 (iv) mortgage participation or pass through certificates evidencing interests in pools  
58.35 of first mortgages or trust deeds on improved real estate located in the United States where  
58.36 the loan to value ratio for each loan as calculated in accordance with section 61A.28,

59.1 subdivision 3, does not exceed 80 percent for fully amortizable residential properties and  
59.2 in all other respects meets the requirements of section 61A.28, subdivision 3;

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

59.5 (vi) guaranteed investment contracts are limited to those issued by insurance  
59.6 companies or banks rated in the top four quality categories by a nationally recognized  
59.7 rating agency or to alternative guaranteed investment contracts where the underlying  
59.8 assets comply with the requirements of this subdivision;

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

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

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

59.15 (3) In addition to investments authorized by clause (1), item (iv), the covered  
59.16 pension plan may purchase from the Minnesota Housing Finance Agency all or any part of  
59.17 a pool of residential mortgages, not in default, that has previously been financed by the  
59.18 issuance of bonds or notes of the agency. The covered pension plan may also enter into  
59.19 a commitment with the agency, at the time of any issue of bonds or notes, to purchase  
59.20 at a specified future date, not exceeding 12 years from the date of the issue, the amount  
59.21 of mortgage loans then outstanding and not in default that have been made or purchased  
59.22 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable  
59.23 fees for any such commitment and may agree to purchase the mortgage loans at a price  
59.24 sufficient to produce a yield to the covered pension plan comparable, in its judgment,  
59.25 to the yield available on similar mortgage loans at the date of the bonds or notes. The  
59.26 covered pension plan may also enter into agreements with the agency for the investment  
59.27 of any portion of the funds of the agency. The agreement must cover the period of the  
59.28 investment, withdrawal privileges, and any guaranteed rate of return.

59.29 (f) **Corporate stocks.** The covered pension plan may invest funds in stocks or  
59.30 convertible issues of any corporation organized under the laws of the United States or the  
59.31 states thereof, any corporation organized under the laws of the Dominion of Canada or its  
59.32 provinces, or any corporation listed on an exchange regulated by an agency of the United  
59.33 States or of the Canadian national government, if they conform to the following provisions:

4 (1) the aggregate value of ~~corporate stock~~ investments under this paragraph, plus  
59.35 paragraphs (g) and (k), plus equity investments under paragraphs (h), (i), and (j), as  
59.36 adjusted for realized ~~profits~~ gains and losses, must not exceed 85 percent of the market

60.1 or book value, whichever is less, of a fund, ~~less the aggregate value of investments~~  
 60.2 ~~according to paragraph (h); and~~

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

60.5 (g) Developed market foreign stocks investments. In addition to investments  
 60.6 authorized under paragraph (f), the covered pension fund may invest in foreign stock  
 60.7 sold on an exchange in any developed market country included in the Europe, Australia,  
 60.8 and Far East Index.

60.9 (h) Commingled or mutual investments. The covered pension plan may invest  
 60.10 in index funds or mutual funds, including index mutual funds, through bank-sponsored  
 60.11 collective funds and shares of open-end investment companies registered under the  
 60.12 Federal Investment Company Act of 1940, if the investments of the index or mutual fund  
 60.13 comply with paragraphs (c) to (j).

60.14 (i) Real estate investment trust; related investments. The covered pension plan  
 60.15 may invest in real estate investment trusts secured by mortgages or deeds of trust and  
 60.16 sold on an exchange, and insurance company commingled accounts, including separate  
 60.17 accounts, of a debt or equity nature.

60.18 (j) Exchange traded funds. The covered pension plan may invest funds in exchange  
 60.19 traded funds, subject to the maximums, the requirements, and the limitations set forth in  
 60.20 ~~paragraph (d), (e), (f), or (h), whichever applies~~ paragraphs (c) to (i), as applicable.

60.21 ~~(h)~~ (k) Other investments.(1) In addition to the investments authorized in  
 60.22 paragraphs (b) to ~~(g)~~ (j), and subject to the provisions in clause (2), the covered pension  
 60.23 plan may invest funds in:

60.24 (i) venture capital investment businesses through participation in limited partnerships  
 60.25 and corporations;

60.26 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust  
 60.27 through investment in limited partnerships; ~~or bank sponsored collective funds, trusts, and~~  
 60.28 ~~insurance company commingled accounts, including separate accounts;~~

60.29 (iii) regional and mutual funds through bank sponsored collective funds and  
 60.30 open-end investment companies registered under the Federal Investment Company Act of  
 60.31 1940 which do not qualify under paragraph (h);

60.32 (iv) resource investments through limited partnerships, private placements, and  
 60.33 corporations; and

60.34 (v) international debt securities and emerging market equity securities.

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

61.1 (i) the aggregate value of all investments made according to clause (1) may not  
61.2 exceed ~~35~~ 20 percent of the market value of the fund for which the covered pension  
61.3 plan is investing;

61.4 (ii) there must be at least four unrelated owners of the investment other than the  
61.5 covered pension plan for investments made under clause (1), item (i), (ii), (iii), or (iv);

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

61.8 (iv) covered pension plan participation in a limited partnership does not include a  
61.9 general partnership interest or other interest involving general liability. The covered  
61.10 pension plan may not engage in any activity as a limited partner which creates general  
61.11 liability.

61.12 **Sec. 6. TRANSITION PROVISION.**

61.13 A covered pension plan with investments that on the day prior to the effective date  
61.14 of this section do not comply with section 3 shall divest of any assets not in compliance  
61.15 before January 1, 2008.

61.16 **Sec. 7. EFFECTIVE DATE.**

61.17 Sections 1 to 5 are effective the day following final enactment.

61.18 **ARTICLE 9**

61.19 **MINNEAPOLIS EMPLOYEES RETIREMENT FUND CHANGES**

61.20 Section 1. Minnesota Statutes 2004, section 422A.05, subdivision 2c, is amended to  
61.21 read:

61.22 **Subd. 2c. Minneapolis employees retirement fund investment authority.** (a) For  
61.23 investments made on or after July 1, 1991, the board shall invest funds only in investments  
61.24 authorized by section 356A.06, subdivision 7.

61.25 (b) However, in addition to real estate investments authorized under paragraph (a),  
61.26 the board may also make loans to purchasers of Minnesota situs nonfarm residential real  
61.27 estate that is owned by the Minneapolis Employees Retirement Fund. The loans must  
61.28 be secured by mortgages or deeds of trust.

61.29 (c) For investments made before July 1, 1991, the board may, but is not required to,  
61.30 comply with paragraph (a). However, with respect to these investments, the board shall  
act in accordance with subdivision 2a and chapter 356A.



62.1 (d) The board may certify assets for investment by the State Board of Investment  
62.2 under section 11A.14, subject to any restrictions established by the State Board of  
62.3 Investment, and section 11A.17.

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

62.5 Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists  
62.6 of the assets held in the fund, including amounts contributed by or for employees, amounts  
62.7 contributed by the city, amounts contributed by municipal activities supported in whole or  
62.8 in part by revenues other than taxes and amounts contributed by any public corporation,  
62.9 amounts paid by the state, and by income from investments.

62.10 (b) There must be paid from the fund the amounts required to be transferred to the  
62.11 retirement benefit fund, or the disability benefit fund, refunds of contributions, including  
62.12 the death-while-active refund specified in section 422A.22, subdivision 4, postretirement  
62.13 increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969,  
62.14 chapter 859, and expenses of the administration of the retirement fund which were not  
62.15 charged by the retirement board against the income of the retirement benefit fund from  
62.16 investments as the cost of handling the investments of the retirement benefit fund.

62.17 (c) To the extent that the deposit accumulation fund has insufficient assets to transfer  
62.18 the total value of the required reserves for retirement annuities to either the fund under  
62.19 subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required,  
62.20 the deposit accumulation fund has a transfer amount payable on which an interest charge  
62.21 accrues. The executive director must determine the interest charge for the period that  
62.22 transfer amount payable remains unpaid at an annual rate equal to five percent plus  
62.23 the percentage increase in the amount of the annual Consumer Price Index for urban  
62.24 wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the  
62.25 United States Department of Labor from the previous June 30. The interest charge must  
62.26 be reflected in the books of the Minneapolis Employees Retirement Fund and assessed  
62.27 against the deposit accumulation fund based on the average quarterly transfer amount  
62.28 payable balance outstanding. Any revenue received by the deposit accumulation fund  
62.29 subsequent to unpaid transfers must be transferred from the deposit accumulation fund  
62.30 to the disability benefit fund or to the retirement fund, whichever applies, must first be  
62.31 applied to any remaining interest charge and then must be applied to the principal amount  
62.32 of transfer amount payable outstanding.

62.33 Sec. 3. Minnesota Statutes 2004, section 422A.06, subdivision 5, is amended to read:

63.1 Subd. 5. **Transfer of reserves to retirement benefit fund; adjustments of**  
 63.2 **annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities  
 63.3 as determined in accordance with the appropriate mortality table adopted by the board of  
 63.4 trustees based on the experience of the fund as recommended by the ~~commission-retained~~  
 63.5 actuary retained under section 356.214 and using the postretirement interest assumption  
 63.6 specified in section 356.215, subdivision 8, ~~shall~~ must be transferred to the disability  
 63.7 benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any  
 63.8 amounts payable from the survivor benefit fund, as of date of retirement.

63.9 (b) If a full transfer amount is not payable from the deposit accumulation fund, the  
 63.10 applicable fund must be credited with an interest-bearing transfer amount receivable.

63.11 ~~(b)~~ (c) Annuity payments ~~shall~~ must be adjusted in accordance with this chapter,  
 63.12 except that no minimum retirement payments described in this chapter ~~shall~~ must include  
 63.13 any amounts payable from the survivors' benefit fund or disability benefit fund and  
 63.14 supplemented benefits specifically financed by statute.

63.15 ~~(c)~~ (d) Increases in annuity payments ~~pursuant to~~ under this section ~~shall~~ must be  
 63.16 made automatically unless written notice on a form prescribed by the board is filed with  
 63.17 the retirement board requesting that the increase not be made.

63.18 ~~(d)~~ (e) Any additional annuity which began to accrue on July 1, 1973, or which  
 63.19 began to accrue on January 1, 1974, pursuant to Laws 1973, chapter 770, section 1, ~~shall~~  
 63.20 must be considered as part of the base amount to be used in determining any postretirement  
 63.21 adjustments payable ~~pursuant to~~ under the provisions of subdivision 8.

63.22 Sec. 4. Minnesota Statutes 2005 Supplement, section 422A.06, subdivision 7, is  
 63.23 amended to read:

63.24 Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established,  
 63.25 containing the required reserves for disability allowances under this chapter unless  
 63.26 subdivision 3, paragraph (c), applies. A proportionate share of income from investments  
 63.27 must be allocated to this fund and any interest charge under subdivision 3, paragraph (c),  
 63.28 must be credited to the fund. There must be paid from this fund the disability allowances  
 63.29 payable under this chapter.

63.30 (b) In the event of the termination of any disability allowance for any reason other  
 63.31 than the death of the recipient, the balance of the required reserves for the disability  
 63.32 allowance as of the date of the termination must be transferred from the disability benefit  
 fund to the deposit accumulation fund.

63.34 (c) At the end of each fiscal year, as part of the annual actuarial valuation, a  
 63.35 determination must be made of the required reserves for all disability allowances being

64.1 paid from the disability benefit fund. Any excess of assets over actuarial required reserves  
64.2 in the disability benefit fund must be transferred to the deposit accumulation fund. Unless  
64.3 subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the  
64.4 disability benefit fund must be funded by a transfer of the appropriate amount of assets  
64.5 from the deposit accumulation fund.

64.6 Sec. 5. Minnesota Statutes 2004, section 422A.06, subdivision 8, is amended to read:

64.7 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund ~~shall consist~~  
64.8 consists of amounts held for payment of retirement allowances for members retired  
64.9 ~~pursuant to~~ under this chapter, including any transfer amount payable under subdivision 3,  
64.10 paragraph (c).

64.11 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves  
64.12 for retirement allowances ~~pursuant to~~ under this chapter determined in accordance with  
64.13 the appropriate mortality table adopted by the board of trustees based on the experience of  
64.14 the fund as recommended by the ~~commission-retained-actuary~~ shall retained under section  
64.15 356.214, must be transferred from the deposit accumulation fund to the retirement benefit  
64.16 fund as of the last business day of the month in which the retirement allowance begins.  
64.17 The income from investments of these assets ~~shall~~ must be allocated to this fund and any  
64.18 interest charge under subdivision 3, paragraph (c), must be credited to the fund. There  
64.19 ~~shall~~ must be paid from this fund the retirement annuities authorized by law. A required  
64.20 reserve calculation for the retirement benefit fund must be made by the actuary retained  
64.21 ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214 and  
64.22 must be certified to the retirement board by the ~~commission-retained-actuary.~~

64.23 (c) The retirement benefit fund ~~shall~~ must be governed by the applicable laws  
64.24 governing the accounting and audit procedures, investment, actuarial requirements,  
64.25 calculation and payment of postretirement benefit adjustments, discharge of any deficiency  
64.26 in the assets of the fund when compared to the actuarially determined required reserves,  
64.27 and other applicable operations and procedures regarding the Minnesota postretirement  
64.28 investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996,  
64.29 section 11A.18, and any legal or administrative interpretations of those laws of the State  
64.30 Board of Investment, the legal advisor to the Board of Investment and the executive  
64.31 director of the State Board of Investment in effect on June 30, 1997. If a deferred yield  
64.32 adjustment account is established for the Minnesota postretirement investment fund  
64.33 before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the  
64.34 retirement board shall also establish and maintain a deferred yield adjustment account  
64.35 within this fund.

65.1 (d) Annually, following the calculation of any postretirement adjustment payable  
65.2 from the retirement benefit fund, the board of trustees shall submit a report to the  
65.3 executive director of the Legislative Commission on Pensions and Retirement and to the  
65.4 commissioner of finance indicating the amount of any postretirement adjustment and  
65.5 the underlying calculations on which that postretirement adjustment amount is based,  
65.6 including the amount of dividends, the amount of interest, and the amount of net realized  
65.7 capital gains or losses utilized in the calculations.

65.8 (e) With respect to a former contributing member who began receiving a retirement  
65.9 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June  
65.10 30, 1997, or with respect to a survivor of a former contributing member who began  
65.11 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June  
65.12 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living  
65.13 adjustment payable to those annuity or benefit recipients annually must be transferred back  
65.14 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.  
65.15 The calculation of this annual reduced cost-of-living adjustment reserve transfer must  
65.16 be reviewed by the actuary retained by ~~the Legislative Commission on Pensions and~~  
65.17 ~~Retirement~~ under section 356.214.

65.18 Sec. 6. Minnesota Statutes 2004, section 422A.101, subdivision 3, is amended to read:

65.19 Subd. 3. **State contributions.** (a) Subject to the limitation set forth in paragraph (c),  
65.20 the state shall pay to the Minneapolis Employees Retirement Fund annually an amount  
65.21 equal to the amount calculated under paragraph (b).

65.22 (b) The payment amount is an amount equal to the financial requirements of the  
65.23 Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund  
65.24 prepared by the commission-retained actuary pursuant to section 356.215 for the most  
65.25 recent year but based on a target date for full amortization of the unfunded actuarial  
65.26 accrued liabilities by June 30, 2020, less the amount of employee contributions required  
65.27 pursuant to section 422A.10, and the amount of employer contributions required pursuant  
65.28 to subdivisions 1a, 2, and 2a. Payments shall be made September 15 annually.

65.29 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,  
65.30 plus the cost of the annual supplemental benefit determined under section 356.43.

65.31 (d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000,  
65.32 the excess must be allocated to and paid to the fund by the employers identified in  
65.33 subdivisions 1a and 2, other than units of metropolitan government. Each employer's  
65.34 share of the excess is proportionate to the employer's share of the fund's unfunded  
65.35 actuarial accrued liability as disclosed in the annual actuarial valuation prepared by

66.1 the actuary retained by the ~~Legislative Commission on Pensions and Retirement~~ under  
66.2 section 356.214 compared to the total unfunded actuarial accrued liability attributed  
66.3 to all employers identified in subdivisions 1a and 2, other than units of metropolitan  
66.4 government. Payments must be made in equal installments as set forth in paragraph (b).

66.5 Sec. 7. **REPEALER.**

66.6 Minnesota Statutes 2004, section 422A.101, subdivision 4, is repealed.

66.7 Sec. 8. **EFFECTIVE DATE; LOCAL APPROVAL.**

66.8 Sections 1 to 7 are effective retroactively on June 30, 2005, once the city council of  
66.9 the city of Minneapolis and its chief clerical officer timely complete their compliance with  
66.10 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

66.11 **ARTICLE 10**

66.12 **MINNEAPOLIS POLICE RELIEF ASSOCIATION CHANGES**

66.13 Section 1. Minnesota Statutes 2004, section 423B.07, is amended to read:

66.14 **423B.07 AUTHORIZED FUND DISBURSEMENTS.**

66.15 The police pension fund may be used only for the payment of:

66.16 (1) service, disability, or dependency pensions;

66.17 (2) notwithstanding a contrary provision of section 69.80, the salaries of the elected  
66.18 members of the board of trustees in an amount not to exceed ~~three~~ seven units for the  
66.19 president and five units for other elected board members;

66.20 (3) expenses of officers and employees of the association in connection with the  
66.21 protection of the fund;

66.22 (4) expenses of operating and maintaining the association, including the  
66.23 administrative expenses related to the administration of the insurance plan authorized  
66.24 in section 423B.08; and

66.25 (5) other expenses authorized by section 69.80, or other applicable law.

66.26 Sec. 2. Minnesota Statutes 2005 Supplement, section 423B.09, subdivision 1, is  
66.27 amended to read:

66.28 **Subdivision 1. Minneapolis police; persons entitled to receive pensions.** The  
66.29 association shall grant pensions payable from the police pension fund in monthly  
66.30 installments to persons entitled to pensions in the manner and for the following purposes.

67.1 (a) An active member or a deferred pensioner who has performed duty as a member  
 67.2 of the police department of the city for five years or more, upon written application after  
 67.3 retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a  
 67.4 service pension. Active members, deferred members, and service pensioners are entitled  
 67.5 to a service pension according to the following schedule:

67.6	<u>A</u>	<u>B</u>
67.7	5 years <del>8.0</del> <u>8.5</u> units	<u>9.0</u> units
67.8	6 years <del>9.6</del> <u>10.1</u> units	<u>10.6</u> units
67.9	7 years <del>11.2</del> <u>11.7</u> units	<u>12.2</u> units
67.10	8 years <del>12.8</del> <u>13.3</u> units	<u>13.8</u> units
67.11	9 years <del>14.4</del> <u>14.9</u> units	<u>15.4</u> units
67.12	10 years <del>16.0</del> <u>16.5</u> units	<u>17.0</u> units
67.13	11 years <del>17.6</del> <u>18.1</u> units	<u>18.6</u> units
67.14	12 years <del>19.2</del> <u>19.7</u> units	<u>20.2</u> units
67.15	13 years <del>20.8</del> <u>21.3</u> units	<u>21.8</u> units
67.16	14 years <del>22.4</del> <u>22.9</u> units	<u>23.4</u> units
67.17	15 years <del>24.0</del> <u>24.5</u> units	<u>25.0</u> units
67.18	16 years <del>25.6</del> <u>26.1</u> units	<u>26.6</u> units
67.19	17 years <del>27.2</del> <u>27.7</u> units	<u>28.2</u> units
67.20	18 years <del>28.8</del> <u>29.3</u> units	<u>29.8</u> units
67.21	19 years <del>30.4</del> <u>30.9</u> units	<u>31.4</u> units
67.22	<u>A</u>	<u>B</u>
67.23	20 years 34.5 units	35.0 units
67.24	21 years 36.1 units	36.6 units
67.25	22 years 37.7 units	38.2 units
67.26	23 years 39.3 units	39.8 units
67.27	24 years 40.9 units	41.4 units
67.28	25 years 42.5 units	43.0 units

67.30 Column A is applicable until December 31, 2005, and applies retroactively to  
 67.31 January 1, 2005, for a service pensioner who retired before January 1, 2005. Column B  
 applies on and after January 1, 2006.

68.1 Fractional years of service may not be used in computing pensions.

68.2 (b) An active member who after five years' service but less than 20 years' service  
68.3 with the police department of the city, becomes superannuated so as to be permanently  
68.4 unable to perform the person's assigned duties, is entitled to be paid monthly for life a  
68.5 superannuation pension equal to four units for five years of service and an additional two  
68.6 units for each full year of service over five years and less than 20 years.

68.7 (c) An active member who is not eligible for a service pension and who, while a  
68.8 member of the police department of the city, becomes diseased or sustains an injury while  
68.9 in the service that permanently unfits the member for the performance of police duties is  
68.10 entitled to be paid monthly for life a pension equal to 34 units while so disabled.

68.11 **Sec. 3. EFFECTIVE DATE; LOCAL APPROVAL.**

68.12 (a) Section 1 is effective the day after the date of approval by the city council of  
68.13 the city of Minneapolis and the timely completion by the chief clerical officer of the city  
68.14 of Minneapolis of compliance with Minnesota Statutes, section 645.021, subdivisions  
68.15 2 and 3.

68.16 (b) Section 2 is effective the day after the governing body of the city of Minneapolis  
68.17 and its chief clerical officer timely complete their compliance with Minnesota Statutes,  
68.18 section 645.021, subdivisions 2 and 3.

68.19 **ARTICLE 11**

68.20 **RECODIFICATION OF VARIOUS**

68.21 **STATEWIDE SPECIALTY RETIREMENT PLANS**

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

68.23 Subdivision 1. **Purposes.** Each of the terms defined in this section, for the purposes  
68.24 of this chapter shall be given has the meanings meaning ascribed to them.

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

68.27 Subd. 1a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one  
68.28 allowance or benefit having an equal actuarial present value to another allowance or  
68.29 benefit, determined by the actuary retained under section 356.214 as of a given date at a  
68.30 specified age with each actuarial present value based on the mortality table applicable for  
68.31 the plan and approved under section 356.215, subdivision 18, and using the applicable  
68.32 preretirement or postretirement interest rate assumption specified in section 356.215,  
68.33 subdivision 8.

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

69.3 Subd. 1b. Average monthly salary. "Average monthly salary" means the average  
69.4 of the member's highest five successive years of salary that was received as a member  
69.5 of the legislature and upon which the member has made contributions under section  
69.6 3A.03, subdivision 1, or for which the member of the legislature has made payments for  
69.7 past service under Minnesota Statutes 2004, section 3A.02, subdivision 2, or has made,  
69.8 before July 1, 1994, payments in lieu of contributions under Minnesota Statutes 1992,  
69.9 section 3A.031.

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

69.12 Subd. 1c. Constitutional officer. "Constitutional officer" means a person who was  
69.13 duly elected, qualifies for, and serves as the governor, the lieutenant governor, the attorney  
69.14 general, the secretary of state, or the state auditor of the state of Minnesota.

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

69.16 Subd. 2. Dependent child. (a) "Dependent child" means any natural or adopted  
69.17 child of a deceased member of the legislature or a former legislator who is under the age  
69.18 of 18, or who is under the age of 22 and is a full-time student, and who, in either case, is  
69.19 unmarried and was actually dependent for more than one-half of support upon such the  
69.20 legislator for a period of at least 90 days immediately prior to before the legislator's  
69.21 death. It

69.22 (b) The term also includes any child of the member of the legislature or former  
69.23 legislator who was conceived during the lifetime of, and who was born after the death of,  
69.24 the member or former legislator. ~~This subdivision shall be retroactive as to any dependent~~  
69.25 ~~child under the age of 22 years as of April 1, 1975.~~

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

69.27 Subd. 6. Director. "Director" means the executive director of the Minnesota State  
69.28 Retirement System who was appointed under section 352.03, subdivision 5.

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

69.31 Subd. 6b. Former legislator. "Former legislator" means a legislator who has  
69.32 ceased to be a member of the legislature for any reason, including, but not limited to, the



70.1 expiration of the term for which a member of the legislature was elected or the death  
70.2 of the member.

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

70.5 Subd. 6c. Member of the legislature. "Member of the legislature" means a  
70.6 person who was a member of the house of representatives or of the senate of the state of  
70.7 Minnesota who has subscribed to the oath of office after July 1, 1965, and who was first  
70.8 elected to a legislative office before July 1, 1997, and retained coverage by the plan under  
70.9 Laws 1997, chapter 233, article 2, section 15.

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

70.11 Subd. 8. Normal retirement age. "Normal retirement age" means the age of 60  
70.12 years with regard to any member of the legislature whose service terminates prior to the  
70.13 beginning of the 1981 legislative session, and the age of 62 years with regard to any  
70.14 member of the legislature whose service terminates after the beginning of the 1981 session.

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

70.17 Subd. 9. Retirement. "Retirement" means the period of time after which a former  
70.18 legislator is entitled to a retirement allowance.

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

70.21 Subd. 10. Salary. (a) "Salary" means the regular compensation payable under law  
70.22 to a member of the legislature and paid to the person for service as a legislator.

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

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

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

70.31 **3A.011 ADMINISTRATION OF PLAN.**

71.1           The executive director and the board of directors of the Minnesota State Retirement  
71.2 System shall administer the legislators retirement plan in accordance with this chapter  
71.3 and chapter 356A.

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

71.5           Subdivision 1. **Qualifications.** (a) A former legislator is entitled, upon written  
71.6 application to the director, to receive a retirement allowance monthly, if the person:

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

71.10          (2) has attained the normal retirement age;

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

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

71.15          (b) ~~This paragraph applies to members of the legislature who terminate service as~~  
71.16 ~~a legislator before July 1, 1997. For service rendered before the beginning of the 1979~~  
71.17 ~~legislative session, but not to exceed eight years of service, the retirement allowance is~~  
71.18 ~~an amount equal to five percent per year of service of that member's average monthly~~  
71.19 ~~salary. For service in excess of eight years rendered before the beginning of the 1979~~  
71.20 ~~legislative session, and for service rendered after the beginning of the 1979 legislative~~  
71.21 ~~session, Unless the former legislator has legislative service before January 1, 1979, the~~  
71.22 ~~retirement allowance is an amount equal to 2-1/2 percent per year of service of that~~  
71.23 ~~member's average monthly salary.~~

71.24          (c) ~~This paragraph applies to members of the legislature who terminate service as~~  
71.25 ~~a legislator after June 30, 1997. The retirement allowance is an amount equal to the~~  
71.26 ~~applicable rate or rates under paragraph (b) per year of service of the member's average~~  
71.27 ~~monthly salary and~~ adjusted for that person on an actuarial equivalent basis to reflect the  
71.28 change in the postretirement interest rate actuarial assumption under section 356.215,  
71.29 subdivision 8, from five percent to six percent. The adjustment must be calculated by or,  
71.30 alternatively, the adjustment procedure must be specified by, the actuary retained ~~by the~~  
71.31 ~~Legislative Commission on Pensions and Retirement~~ under section 356.214. The purpose  
71.32 of this adjustment is to ensure that the total amount of benefits that the actuary predicts  
3 an individual member will receive over the member's lifetime under this paragraph will  
71.34 be the same as the total amount of benefits the actuary predicts the individual member  
71.35 would receive over the member's lifetime under the law in effect before enactment of this

72.1 paragraph. If the former legislator has legislative service before January 1, 1979, the  
 72.2 person's benefit must include the additional benefit amount in effect on January 1, 1979,  
 72.3 and adjusted as otherwise provided in this paragraph.

72.4 ~~(d)~~ (c) The retirement allowance accrues beginning with the first day of the month  
 72.5 of receipt of the application, but not before age 60, and for the remainder of the former  
 72.6 legislator's life, if the former legislator is not serving as a member of the legislature or as a  
 72.7 constitutional officer ~~or commissioner~~ as defined in section ~~352C.021, subdivisions 2 and~~  
 72.8 ~~3~~ 3A.01, subdivision 1c. The annuity does not begin to accrue ~~prior to~~ before the person's  
 72.9 retirement as a legislator. No annuity payment may be made retroactive for more than 180  
 72.10 days before the date that the annuity application is filed with the director.

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

72.13 ~~(f)~~ (e) The retirement allowance ceases with the last payment that accrued to the  
 72.14 retired legislator during the retired legislator's lifetime, except that the surviving spouse, if  
 72.15 any, is entitled to receive the retirement allowance of the retired legislator for the calendar  
 72.16 month in which the retired legislator died.

72.17 Sec. 14. Minnesota Statutes 2004, section 3A.02, subdivision 1b, is amended to read:

72.18 Subd. 1b. **Reduced retirement allowance.** (a) Upon separation from service after  
 72.19 the beginning of the 1981 legislative session, a former member of the legislature who has  
 72.20 attained the age set by the board of directors of the Minnesota State Retirement System  
 72.21 and who is otherwise qualified ~~in accordance with~~ under subdivision 1 is entitled, upon  
 72.22 making written application on ~~forms supplied~~ a form prescribed by the director, to a  
 72.23 reduced retirement allowance in. The reduced retirement allowance is an amount equal  
 72.24 to the retirement allowance specified in subdivision 1, paragraph (b), that is reduced so  
 72.25 that the reduced ~~annuity~~ allowance is the actuarial equivalent of the ~~annuity~~ allowance  
 72.26 that would be payable if the former member of the legislature deferred receipt of the  
 72.27 ~~annuity~~ allowance and the ~~annuity~~ allowance amount ~~were~~ was augmented at an annual  
 72.28 rate of three percent compounded annually from the date the ~~annuity~~ allowance begins to  
 72.29 accrue until age 62.

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

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

73.1 (d) The executive director of the Minnesota State Retirement System shall report  
 73.2 to the Legislative Commission on Pensions and Retirement on the utilization of this  
 73.3 provision annually on or before September 1, ~~2000~~.

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

73.5 Subd. 3. **Appropriation.** The amounts required for payment of retirement  
 73.6 allowances provided by this section are appropriated annually to the director from the  
 73.7 participation of the legislators retirement plan in the Minnesota postretirement investment  
 73.8 fund ~~and shall~~. The retirement allowance must be paid monthly to the recipients entitled  
 73.9 ~~thereto~~ to those retirement allowances.

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

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

73.13 (b) The required reserves applicable to the deferred annuity retirement allowance,  
 73.14 determined as of the date the benefit begins to accrue using an appropriate mortality table  
 73.15 and an interest assumption of six percent, must be augmented from the first of the month  
 73.16 following the termination of active service, or July 1, 1973, whichever is later, to the  
 73.17 first day of the month in which the annuity allowance begins to accrue, at the following  
 73.18 annually compounded rate of five percent per annum compounded annually until January  
 73.19 1, 1981, and thereafter at the rate of three percent per annum compounded annually until  
 73.20 January 1 of the year in which the former legislator attains age 55. From that date to the  
 73.21 effective date of retirement, the rate is five percent compounded annually. or rates:

73.22 (1) five percent until January 1, 1981;

73.23 (2) three percent from January 1, 1981, or from the first day of the month following  
 73.24 the termination of active service, whichever is later, until January 1 of the year in which  
 73.25 the former legislator attains age 55; and

73.26 (3) five percent from the period end date under clause (2) to the effective date of  
 73.27 retirement.

73.28 (b) ~~The retirement allowance of, or the survivor benefit payable on behalf of, a~~  
 73.29 ~~former member of the legislature who terminated service before July 1, 1997, which is~~  
 73.30 ~~not first payable until after June 30, 1997, must be increased on an actuarial equivalent~~  
 73.31 ~~basis to reflect the change in the postretirement interest rate actuarial assumption under~~  
 73.32 ~~section 356.215, subdivision 8, from five percent to six percent under a calculation~~  
 73.33 ~~procedure and tables adopted by the board of directors of the Minnesota State Retirement~~

74.1 ~~System and approved by the actuary retained by the Legislative Commission on Pensions~~  
74.2 ~~and Retirement.~~

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

74.4 Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional  
74.5 retirement annuity in the form of a joint and survivor annuity and an optional retirement  
74.6 annuity in the form of a period certain and life thereafter. Except as provided in paragraph  
74.7 (b), these optional annuity forms must be actuarially equivalent to the normal ~~annuity~~  
74.8 allowance computed under this section, plus the actuarial value of any surviving spouse  
74.9 benefit otherwise potentially payable at the time of retirement under section 3A.04,  
74.10 subdivision 1. An individual selecting an optional annuity under this subdivision ~~waives~~  
74.11 and the person's spouse waive any rights to surviving spouse benefits under section 3A.04,  
74.12 subdivision 1.

74.13 (b) If a retired legislator selects the joint and survivor annuity option, the retired  
74.14 legislator must receive a normal single-life ~~annuity allowance~~ if the designated optional  
74.15 annuity beneficiary dies before the retired legislator and no reduction may be made in the  
74.16 annuity to provide for restoration of the normal single-life ~~annuity allowance~~ in the event  
74.17 of the death of the designated optional annuity beneficiary.

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

74.21 Sec. 18. Minnesota Statutes 2004, section 3A.03, subdivision 1, is amended to read:

74.22 Subdivision 1. **Percentage.** (a) Every member of the legislature shall contribute  
74.23 nine percent of total salary;

74.24 (b) The contribution must be made by payroll deduction, to and must be paid into  
74.25 the state treasury and deposited in the general fund. It shall be the duty of

74.26 (c) The director to must record the periodic contributions of each member of the  
74.27 legislature and must credit such each contribution to the member's account.

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

74.29 Subd. 2. **Refund.** (a) A former member who has made contributions under  
74.30 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon  
74.31 written application to the executive director on a form prescribed by the executive director,  
74.32 a refund from the general fund of all contributions credited to the member's account with  
74.33 interest computed as provided in section 352.22, subdivision 2.

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

75.4 (c) If the former member of the legislature again becomes a member of the  
 75.5 legislature after having taken a refund as provided in paragraph (a), the member ~~must be~~  
 75.6 ~~considered is a new member of this plan~~ the unclassified employees retirement program of  
 75.7 the Minnesota State Retirement System.

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

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

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

75.14 Subdivision 1. **Surviving spouse.** (a) Upon the death of a member of the legislature  
 75.15 while serving as ~~such a member after June 30, 1973,~~ or upon the death of a former member  
 75.16 of the legislature with at least ~~the number of six full years of service as required by section~~  
 75.17 ~~3A.02, subdivision 1, clause (1)~~ or service in all or part of four regular legislative sessions,  
 75.18 the surviving spouse ~~shall be paid~~ is entitled to a survivor benefit in the amount of .

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

75.24 (c) Upon the death of a former legislator receiving a retirement allowance, the  
 75.25 surviving spouse ~~shall be~~ is entitled to one-half of the amount of the retirement allowance  
 75.26 being paid to the legislator. Such

75.27 (d) The surviving spouse benefit shall be paid during is payable for the lifetime  
 75.28 of the surviving spouse.

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

75.30 Subd. 2. **Dependent children.** (a) Upon the death of a member of the legislature  
 75.31 while serving as a member, or upon the death of a former member of the legislature who  
 2 has rendered at least ~~the number of six full years of service as required by section 3A.02,~~  
 75.33 ~~subdivision 1, clause (1)~~ or service in all or part of four regular legislative sessions and

76.1 who was not receiving a retirement allowance, each dependent child of the member or  
76.2 former legislator ~~shall be~~ is entitled to receive a survivor benefit in the following amount:

76.3 (1) for the first dependent child, a monthly allowance which equals benefit equal to  
76.4 25 percent of the monthly retirement allowance of the member of the legislature or the  
76.5 former legislator computed as though the member or the former legislator had attained at  
76.6 least the normal retirement age on the date of death and based upon the average monthly  
76.7 salary as of the date of death or as of the date of termination, whichever is applicable  
76.8 applies, and the member's allowable service or eight years, whichever is greater;

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

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

76.16 (b) The augmentation provided in section 3A.02, subdivision 4, if applicable,  
76.17 shall be applied applies from the first day of the month next following the date of the  
76.18 termination of the person from service as a member of the legislature to the month of  
76.19 the death of the person.

76.20 (c) Upon the death of a former legislator who was receiving a retirement allowance,  
76.21 the a surviving dependent child shall be is entitled to the applicable percentage specified  
76.22 above in paragraph (a), clause (1) or (2), whichever applies, of the amount of the  
76.23 allowance which was paid to the former legislator for the month immediately prior to  
76.24 before the date of death of the former legislator.

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

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

76.28 Subd. 3. **Payment.** The surviving ~~spouse's spouse~~ spouse and dependent children's child  
76.29 or children survivor benefits payable under this section shall be paid are payable by the  
76.30 director monthly in the same manner as retirement allowances are authorized to be paid  
76.31 by this chapter.

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

76.33 Subd. 4. **Death refunds.** (a) Upon the death of a member of the legislature or  
76.34 of a former legislator who was not receiving a retirement allowance; without leaving

77.1 either a surviving spouse or a dependent child or dependent children, the last designated  
 77.2 beneficiary named on a form that was filed with the director before the death of the  
 77.3 legislator, or if no designation is filed, the estate of the member or the former legislator,  
 77.4 upon application, ~~shall be~~ is entitled to a refund.

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

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

77.9 Subd. 5. Appropriation. The survivor benefits and the death refunds authorized by  
 77.10 this section are appropriated to the director from the general fund when they are due and  
 77.11 payable.

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

77.13 **3A.05 APPLICATION FOR SURVIVOR BENEFIT.**

77.14 (a) Applications for survivor benefits pursuant to under section 3A.04 shall must be  
 77.15 filed with the director by the surviving spouse and dependent child or children entitled  
 77.16 to benefits pursuant to under section 3A.04, or by the guardian of the estate, if there is  
 77.17 one, of the dependent child or children.

77.18 (b) Survivor benefits shall accrue as of the first day of the month following the death  
 77.19 of the member of the legislature or former legislator and payments ~~shall~~ commence as  
 77.20 of the first of the month next following the filing of the application, and ~~shall be~~ are  
 77.21 retroactive to the date the benefit accrues; provided, however, that no payment shall be  
 77.22 retroactive for more than or the first of the month occurring 12 months prior to before the  
 77.23 month in which the application is filed with the director, whichever is earlier.

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

77.25 **3A.07 APPLICATION.**

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

77.29 (b) Members of the legislature who were elected for the first time after June 30,  
 77.30 1997, or members of the legislature who were elected before July 1, 1997, and who, after  
 77.31 July 1, 1998, elect not to be members of the plan established by this chapter are covered  
 77.32 by the unclassified employees retirement program governed by chapter 352D.



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

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

78.5 Subdivision 1. **Service credit for legislative term.** (a) In the case of a member of  
78.6 the house of representatives, one full term of office ~~shall~~ must be considered two full years  
78.7 of service, notwithstanding the fact that the oath of office ~~may be~~ was taken on different  
78.8 days each biennium.

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

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

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

78.15 **3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR**  
78.16 **ASSOCIATION.**

78.17 Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been ~~an~~  
78.18 ~~employee covered by~~ a member of a retirement plan listed in paragraph (b) is entitled,  
78.19 when otherwise qualified, to a retirement allowance or annuity from each plan if the total  
78.20 allowable service in all plans or in any two of these plans totals ten or more years.

78.21 (b) This section applies to any retirement plan or program administered by the  
78.22 Minnesota State Retirement System, or a member of any retirement plan administered  
78.23 by the Public Employees Retirement Association, including the Public Employees  
78.24 Retirement Association police and fire fund, or the Teachers Retirement Association, or  
78.25 the Minneapolis employees retirement fund plan, or the State Patrol retirement fund  
78.26 plan, or any other public employee retirement system in the state of Minnesota having a  
78.27 like provision but excluding all.

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

78.32 (d) No portion of the allowable service upon which the retirement annuity from one  
78.33 fund plan is based is again used in the computation for benefits from another fund plan.  
78.34 The annuity from each ~~fund~~ shall plan must be determined by the appropriate provisions

79.1 of the law, except that the requirement that a person must have ~~at least ten~~ a minimum  
79.2 number of years of allowable service in the respective system or association ~~shall~~ does not  
79.3 apply for the purposes of this section ~~provided~~ if the combined service in two or more  
79.4 of these funds plans equals ten or more years. The augmentation of deferred annuities  
79.5 provided in section 3A.02, subdivision 4, ~~shall apply~~ applies to the annuities accruing  
79.6 ~~hereunder~~ under this section.

79.7 Subd. 2. **Refund repayment.** ~~Any~~ A former legislator who has received a refund as  
79.8 provided in section 3A.03, subdivision 2, who is a currently contributing member of a  
79.9 retirement ~~fund~~ plan specified in subdivision 1, paragraph (b), may repay the refund as  
79.10 provided in section 3A.03, subdivision 2. ~~Any~~ A member of the legislature who has  
79.11 received a refund from any of the ~~funds~~ retirement plans specified in subdivision 1; may  
79.12 repay the refund to the respective ~~fund~~ plan under such terms and conditions consistent  
79.13 with the law governing ~~such fund~~ the retirement plan if the law governing ~~such fund~~ the  
79.14 plan permits the repayment of refunds. If the total amount to be repaid, including principal  
79.15 and interest exceeds \$2,000, repayment maybe made in three equal installments over a  
79.16 period of 18 months, with the interest accrued during the period of the repayment added  
79.17 to the final installment.

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

79.19 **3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH**  
79.20 **PREMIUM DEDUCTION.**

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

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

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

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

2 (b) Nothing in this section or section 31 or 34, subdivision 2, is intended to reduce  
79.33 the benefits of former constitutional officers or to adversely modify their eligibility for  
79.34 benefits in effect as of the day before the effective date of this section.

80.1 Sec. 31. Minnesota Statutes 2004, section 352C.091, subdivision 1, is amended to read:

80.2 Subdivision 1. **Administrative agency and standards.** ~~This chapter~~ (a) The elected  
 80.3 officers retirement plan must be administered by the board of directors and the executive  
 80.4 director of the Minnesota State Retirement System.

80.5 (b) The elected state officers retirement plan must be administered consistent with  
 80.6 ~~this chapter~~ the applicable statutory provisions governing the plan and chapters 356 and  
 80.7 356A.

80.8 Sec. 32. Minnesota Statutes 2004, section 352C.10, is amended to read:

80.9 **352C.10 BENEFIT ADJUSTMENTS.**

80.10 Retirement allowances payable to retired constitutional officers ~~pursuant to section~~  
 80.11 ~~352C.031~~ and surviving spouse benefits payable ~~pursuant to section 352C.04~~, shall must  
 80.12 be adjusted in the same manner, at the same times and in the same amounts as are benefits  
 80.13 payable from the Minnesota postretirement investment fund to retirees of a participating  
 80.14 public pension fund.

80.15 Sec. 33. Minnesota Statutes 2004, section 352D.02, subdivision 1, is amended to read:

80.16 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),  
 80.17 (3), (4), and (6) to (14), if they are in the unclassified service of the state or Metropolitan  
 80.18 Council and are eligible for coverage under the general state employees retirement plan  
 80.19 under chapter 352, are participants in the unclassified plan under this chapter unless the  
 80.20 employee gives notice to the executive director of the Minnesota State Retirement System  
 80.21 within one year following the commencement of employment in the unclassified service  
 80.22 that the employee desires coverage under the general state employees retirement plan.  
 80.23 For the purposes of this chapter, an employee who does not file notice with the executive  
 80.24 director is deemed to have exercised the option to participate in the unclassified plan.

80.25 (b) Persons referenced in paragraph (c), ~~clauses (1) and~~ clause (5), are participants  
 80.26 in the unclassified program under this chapter unless the person is was eligible to elect  
 80.27 different coverage under section 3A.07 ~~or 352C.011~~ and, ~~after July 1, 1998,~~ elects elected  
 80.28 retirement coverage by the applicable alternative retirement plan. Persons referenced  
 80.29 in paragraph (c), clause (15), are participants in the unclassified program under this  
 80.30 chapter for judicial employment in excess of the service credit limit in section 490.121,  
 80.31 subdivision 22.

80.32 (c) Enumerated employees and referenced persons are:

80.33 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,  
 80.34 and the attorney general;

- 81.1 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary  
81.2 of State, State Auditor, Attorney General;
- 81.3 (3) an employee of the State Board of Investment;
- 81.4 (4) the head of a department, division, or agency created by statute in the unclassified  
81.5 service, an acting department head subsequently appointed to the position, or an employee  
81.6 enumerated in section 15A.0815 or 15A.083, subdivision 4;
- 81.7 (5) a member of the legislature;
- 81.8 (6) a full-time unclassified employee of the legislature or a commission or agency of  
81.9 the legislature who is appointed without a limit on the duration of the employment or a  
81.10 temporary legislative employee having shares in the supplemental retirement fund as a  
81.11 result of former employment covered by this chapter, whether or not eligible for coverage  
81.12 under the Minnesota State Retirement System;
- 81.13 (7) a person who is employed in a position established under section 43A.08,  
81.14 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing  
81.15 a department or agency of the state, which is at the deputy or assistant head of department  
81.16 or agency or director level;
- 81.17 (8) the regional administrator, or executive director of the Metropolitan Council,  
81.18 general counsel, division directors, operations managers, and other positions as designated  
81.19 by the council, all of which may not exceed 27 positions at the council and the chair;
- 81.20 (9) the executive director, associate executive director, and not to exceed nine  
81.21 positions of the Higher Education Services Office in the unclassified service, as designated  
81.22 by the Higher Education Services Office before January 1, 1992, or subsequently  
81.23 redesignated with the approval of the board of directors of the Minnesota State Retirement  
81.24 System, unless the person has elected coverage by the individual retirement account  
81.25 plan under chapter 354B;
- 81.26 (10) the clerk of the appellate courts appointed under article VI, section 2, of the  
81.27 Constitution of the state of Minnesota;
- 81.28 (11) the chief executive officers of correctional facilities operated by the Department  
81.29 of Corrections and of hospitals and nursing homes operated by the Department of Human  
81.30 Services;
- 81.31 (12) an employee whose principal employment is at the state ceremonial house;
- 81.32 (13) an employee of the Minnesota Educational Computing Corporation;
- 81.33 (14) an employee of the State Lottery who is covered by the managerial plan  
established under section 43A.18, subdivision 3; and
- 81.35 (15) a judge who has exceeded the service credit limit in section 490.121,  
81.36 subdivision 22.



83.1 which the judge received compensation for that service from the state, municipality,  
83.2 or county, whichever applies, and for which the judge made any required member  
83.3 contribution. It also includes any month served as a referee in probate for all referees in  
83.4 probate who were in office ~~prior to~~ before January 1, 1974.

83.5 (b) "Allowable service" also means a period of authorized leave of absence for  
83.6 which the judge has made a payment in lieu of contributions, not in an amount in excess  
83.7 of the service credit limit under subdivision 22. To obtain the service credit, the judge  
83.8 shall pay an amount equal to the normal cost of the judges retirement plan on the date of  
83.9 return from the leave of absence, as determined in the most recent actuarial report for the  
83.10 plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the  
83.11 judge's average monthly salary rate during the authorized leave of absence and multiplied  
83.12 by the number of months of the authorized leave of absence, plus annual compound  
83.13 interest at the rate of 8.5 percent from the date of the termination of the leave to the date  
83.14 on which payment is made. The payment must be made within one year of the date on  
83.15 which the authorized leave of absence terminated. Service credit for an authorized leave  
83.16 of absence is in addition to a uniformed service leave under section 490.1211.

83.17 (c) "Allowable service" does not mean service as a retired judge.

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

83.19 Subd. 6. **Annuity.** "Annuity" means the payments that are made each year to an  
83.20 annuitant from the judges' retirement fund, ~~pursuant to the provisions of~~ under sections  
83.21 490.121 to 490.132.

83.22 Sec. 5. Minnesota Statutes 2004, section 490.121, subdivision 7, is amended to read:

83.23 Subd. 7. **Annuitant.** "Annuitant" means a former judge, a surviving spouse, or a  
83.24 dependent child who is entitled to and is receiving an annuity ~~under the provisions of~~  
83.25 sections 490.121 to 490.132.

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

83.28 Subd. 7a. **Approved actuary.** "Approved actuary" means an actuary as defined in  
83.29 section 356.215, subdivision 1, paragraph (c).

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

84.1            Subd. 7b. Court. "Court" means any court of this state that is established by the  
84.2 Minnesota Constitution.

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

84.5            Subd. 7c. Dependent surviving child. "Dependent surviving child" means any  
84.6 natural or adopted child of a deceased judge who has not reached the age of 18 years, or  
84.7 having reached the age of 18, is under age 22 and who is a full-time student throughout  
84.8 the normal school year, is unmarried, and is actually dependent for more than one-half of  
84.9 the child's support upon the judge for a period of at least 90 days before the judge's death.  
84.10 It also includes any natural child of the judge who was born after the death of the judge.

84.11            Sec. 9. Minnesota Statutes 2004, section 490.121, subdivision 13, is amended to read:

84.12            Subd. 13. Disability. "Disability" means the permanent inability of a judge to  
84.13 continue to perform the functions of judge by reason of a physical or mental impairment  
84.14 resulting from a sickness or an injury.

84.15            Sec. 10. Minnesota Statutes 2004, section 490.121, subdivision 14, is amended to read:

84.16            Subd. 14. Disability retirement date. "Disability retirement date" means the last  
84.17 day of the first month after the date on which the governor determines, upon receipt of the  
84.18 voluntary application by the judge or otherwise, that a judge suffers from a disability.

84.19            Sec. 11. Minnesota Statutes 2004, section 490.121, subdivision 15, is amended to read:

84.20            Subd. 15. Disability retirement annuity. "Disability retirement annuity" means an  
84.21 annuity to which a judge is entitled under section 490.124, subdivisions 1 and 4, after the  
84.22 retirement for reason of the judge because of a disability.

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

84.25            Subd. 15a. Early retirement date. "Early retirement date" means the last day of  
84.26 the month after a judge attains the age of 60 but before the judge reaches the normal  
84.27 retirement date.

84.28            Sec. 13. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision  
84.29 to read:

85.1            Subd. 15b. Early retirement annuity. "Early retirement annuity" means an annuity  
85.2 to which a judge is entitled under section 490.124, subdivisions 1 and 3, upon retirement  
85.3 by the judge at an early retirement date.

85.4            Sec. 14. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision  
85.5 to read:

85.6            Subd. 21a. Judge. "Judge" means a judge or a justice of any court as defined under  
85.7 subdivision 7b.

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

85.10           Subd. 21b. Judges' retirement fund; retirement fund; fund. "Judges' retirement  
85.11 fund," "retirement fund," or "fund" means the fund created by section 490.123.

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

85.14           Subd. 21c. Mandatory retirement date. "Mandatory retirement date" means the  
85.15 last day of the month in which a judge has attained 70 years of age.

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

85.18           Subd. 21d. Normal retirement annuity. Except as otherwise provided in sections  
85.19 490.121 to 490.132, "normal retirement annuity" means an annuity to which a judge is  
85.20 entitled under section 490.124, subdivision 1, upon retirement on or after the normal  
85.21 retirement date of the judge.

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

85.24           Subd. 21e. Normal retirement date. "Normal retirement date" means the last day  
85.25 of the month in which a judge attains the age of 65.

85.26           Sec. 19. Minnesota Statutes 2004, section 490.121, subdivision 22, is amended to read:

85.27           Subd. 22. Service credit limit. "Service credit limit" means the greater of: (1)  
3           24 years of allowable service under ~~this chapter 490~~; or (2) for judges with allowable  
85.29 service rendered ~~prior to~~ before July 1, 1980, the number of years of allowable service



86.1 under chapter 490, which, when multiplied by the percentage listed in section 356.315,  
86.2 subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

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

86.5 Subd. 23. Surviving spouse. "Surviving spouse" means the surviving legally  
86.6 married spouse of a deceased judge.

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

86.9 Subd. 24. Survivor's annuity. "Survivor's annuity" means an annuity to which a  
86.10 surviving spouse or dependent child is entitled under section 490.124, subdivision 9.

86.11 Sec. 22. Minnesota Statutes 2004, section 490.122, is amended to read:

86.12 **490.122 ADMINISTRATION OF JUDGES' RETIREMENT.**

86.13 Subdivision 1. Administration. The policy-making, management, and  
86.14 administrative functions governing the operation of the judges' retirement fund and the  
86.15 administration of ~~sections 490.121 to 490.132~~ this chapter are vested in the board of  
86.16 directors and executive director of the Minnesota State Retirement System ~~with such.~~ In  
86.17 administering the plan and fund, the board and the director have the same duties, authority,  
86.18 and responsibility as are provided in chapter 352.

86.19 Subd. 2. Inapplicability of certain laws. Except as otherwise specified, no  
86.20 provision of chapter 352 applies to the judges' retirement fund or any judge.

86.21 Subd. 3. Fiduciary responsibility. Fiduciary activities ~~of relating to the uniform~~  
86.22 judges' retirement and Survivors' Annuities for Judges plan must be undertaken in a  
86.23 manner consistent with chapter 356A.

86.24 Sec. 23. Minnesota Statutes 2004, section 490.123, subdivision 1, is amended to read:

86.25 Subdivision 1. Fund creation; revenue and authorized disbursements. (a) There  
86.26 is created a special fund to be known as the "judges' retirement fund."

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

86.30 (c) From this fund there are appropriated the payments authorized by sections  
86.31 490.121 to 490.132, in the amounts and at the times provided, including the necessary and

87.1 reasonable expenses of the Minnesota State Retirement System in administering the fund  
87.2 and the transfers to the Minnesota postretirement investment fund.

87.3 Sec. 24. Minnesota Statutes 2004, section 490.123, subdivision 1a, is amended to read:

87.4 Subd. 1a. **Member contribution rates.** (a) A judge who is covered by the federal  
87.5 Old Age, Survivors, Disability, and Health Insurance Program and whose service does not  
87.6 exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the  
87.7 fund from each salary payment a sum equal to 8.00 percent of salary.

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

87.11 ~~(c)~~ The contribution under this subdivision is payable by salary deduction.

87.12 The deduction must be made by the state court administrator under section 352.04,  
87.13 subdivisions 4, 5, and 8.

87.14 Sec. 25. Minnesota Statutes 2004, section 490.123, subdivision 1b, is amended to read:

87.15 Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the  
87.16 fund on behalf of a judge is 20.5 percent of salary and. The employer obligation continues  
87.17 after a judge exceeds the service credit limit in section 490.121, subdivision 22.

87.18 (b) The employer contribution must be paid by the state court administrator and  
87.19 The employer contribution is payable at the same time as member contributions are made  
87.20 under subdivision 1a or as employee contributions are made to the unclassified plan in  
87.21 program governed by chapter 352D for judges whose service exceeds the limit in section  
87.22 490.121, subdivision 22, are remitted.

87.23 Sec. 26. Minnesota Statutes 2004, section 490.123, subdivision 1c, is amended to read:

87.24 Subd. 1c. **Additional employer contribution.** ~~In the event that~~ If the employer  
87.25 contribution under subdivision 1b and the assets of the judges retirement fund are  
87.26 insufficient to meet reserve transfers to the Minnesota postretirement investment fund  
87.27 or payments of survivor benefits ~~before July 1, 1993~~ in a month, the necessary amount  
87.28 is appropriated from the general fund to the executive director of the Minnesota State  
87.29 Retirement System, upon the certification of the required amount by the executive director  
87.30 to the commissioner of finance.

87.31 Sec. 27. Minnesota Statutes 2004, section 490.123, subdivision 2, is amended to read:

88.1 Subd. 2. **Commissioner of finance.** The commissioner of finance ~~shall be~~ is the ex  
88.2 officio treasurer of the judges' retirement fund ~~and the.~~ The commissioner's general bond  
88.3 to the state ~~shall~~ must be so conditioned ~~as to~~ cover all liability for acting as the treasurer  
88.4 of ~~this~~ the fund. All ~~moneys~~ money received by the commissioner ~~pursuant to~~ under this  
88.5 section ~~shall~~ must be set aside in the state treasury to the credit of the judges' retirement  
88.6 fund. ~~The commissioner shall transmit monthly to the executive director described in~~  
88.7 ~~section 352.03, subdivision 5, a detailed statement of all amounts so received and credited~~  
88.8 ~~to the fund. The commissioner shall pay out the fund only upon vouchers signed by said~~  
88.9 ~~executive director, provided that vouchers for investment may be signed by the secretary~~  
88.10 ~~of the State Board of Investment.~~

88.11 Sec. 28. Minnesota Statutes 2004, section 490.123, subdivision 3, is amended to read:

88.12 Subd. 3. **Investment.** (a) The executive director referred to in subdivision 2 of the  
88.13 Minnesota State Retirement System shall, from time to time, certify to the State Board  
88.14 of Investment such portions of the judges' retirement fund as in the director's judgment  
88.15 may not be required for immediate use.

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

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

88.22 Sec. 29. Minnesota Statutes 2004, section 490.124, subdivision 1, is amended to read:

88.23 Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from  
88.24 and after the mandatory retirement date, the normal retirement date, the early retirement  
88.25 date, or one year from the disability retirement date, as the case may be, a retiring judge  
88.26 is eligible to receive a retirement annuity ~~shall be payable to a retiring judge from the~~  
88.27 ~~judges' retirement fund in.~~

88.28 (b) The retirement annuity is an amount equal to: (1) the percent specified in section  
88.29 356.315, subdivision 7, multiplied by the judge's final average compensation with that  
88.30 result then multiplied by the number of years and fractions of years of allowable service  
88.31 rendered ~~prior to~~ before July 1, 1980; plus (2) the percent specified in section 356.315,  
88.32 subdivision 8, multiplied by the judge's final average compensation with that result then  
88.33 multiplied by the number of years and fractions of years of allowable service rendered  
88.34 after June 30, 1980.

89.1 (c) Service that exceeds the service credit limit in section 490.121, subdivision 2,  
 89.2 must be excluded in calculating the retirement annuity, but the compensation earned by  
 89.3 the judge during this period of judicial service must be used in determining a judge's final  
 89.4 average compensation and calculating the retirement annuity.

89.5 Sec. 30. Minnesota Statutes 2004, section 490.124, subdivision 2, is amended to read:

89.6 Subd. 2. **Minimum service requirement; extension of term.** ~~No~~ (a) Unless section  
 89.7 356.30 applies, a judge shall be is not eligible for an annuity at the normal retirement date  
 89.8 or the early retirement date if the judge has less than five years of allowable service.

89.9 (b) A judge who shall retire retires on or, as permitted under sections 490.121 to  
 89.10 490.132, after the judge's mandatory retirement date, shall be is entitled to a proportionate  
 89.11 annuity based upon the allowable service of the judge at the date of retirement.

89.12 ~~A judge who was in office on December 31, 1973, and thereafter and who, by the~~  
 89.13 ~~date on which the current term expires, would not be eligible to retire with full benefits~~  
 89.14 ~~under statutes in effect on December 31, 1973, may apply to the governor for an extension~~  
 89.15 ~~to serve up to three additional years, stating the intention of the judge to retire upon~~  
 89.16 ~~attaining eligibility to receive a retirement allowance. Notwithstanding section 490.125,~~  
 89.17 ~~the governor shall forthwith make a written order accepting the retirement application,~~  
 89.18 ~~and extending the term of office of the judge for the period of time, not to exceed three~~  
 89.19 ~~years, as may be necessary to make the judge eligible for retirement, solely for purposes~~  
 89.20 ~~of computing benefits hereunder.~~

89.21 Sec. 31. Minnesota Statutes 2004, section 490.124, subdivision 3, is amended to read:

89.22 Subd. 3. **Early reduced retirement.** The retirement annuity ~~provided by under~~  
 89.23 ~~subdivision 1 of any judge electing who elects to retire at an early retirement date shall~~  
 89.24 ~~must be reduced by one-half of one percent per month from the retirement date to the~~  
 89.25 ~~normal retirement date.~~

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

89.27 Subd. 4. **Disability retirement.** (a) When the governor determines that a judge is  
 89.28 disabled under section 490.121, subdivision 13, notice of the governor's determination  
 89.29 must be sent to the judge, to the chief justice of the Supreme Court, to the state court  
 89.30 administrator, and to the executive director of the Minnesota State Retirement System.

89.31 (b) From and after disability retirement date, a disabled judge shall be is entitled to  
 89.32 continuation of the judge's full salary payable by the judge's employer, as if the judge's  
 89.33 office were not vacated by retirement, for a period of up to one full year, but in no event

90.1 beyond the judge's mandatory retirement date. During this year the judge ~~will~~ is entitled  
 90.2 to earn additional service credit in the judges' retirement plan. The salary ~~earned will be~~  
 90.3 payable to a disabled judge is subject to retirement deductions and will must be included  
 90.4 in computing final average compensation of the judge. ~~Thereafter~~

90.5 (c) At the conclusion of the year of continued salary following a disability or  
 90.6 upon the judge's mandatory retirement date, whichever is earlier, the disabled judge is  
 90.7 entitled to a disability retirement annuity computed as provided in subdivision 1 ~~shall be~~  
 90.8 paid, provided that. If the computed retirement annuity is a smaller amount, the judge  
 90.9 shall is entitled to receive a minimum annuity of 25 percent of the judge's final average  
 90.10 compensation.

90.11 Sec. 33. Minnesota Statutes 2004, section 490.124, subdivision 5, is amended to read:

90.12 Subd. 5. **Deferred benefits.** (a) ~~Any~~ A benefit to which a judge is entitled under this  
 90.13 section may be deferred until the early or normal retirement date or later, notwithstanding  
 90.14 the termination of ~~such~~ the judge's service prior thereto.

90.15 (b) The retirement annuity of, or the survivor benefit payable on behalf of, a former  
 90.16 judge, who terminated service before July 1, 1997, which is not first payable until after  
 90.17 June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in  
 90.18 the postretirement interest rate actuarial assumption under section 356.215, subdivision  
 90.19 8, from five percent to six percent under a calculation procedure and tables adopted by  
 90.20 the board of directors of the Minnesota State Retirement System and approved by the  
 90.21 actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under section  
 90.22 356.214.

90.23 Sec. 34. Minnesota Statutes 2004, section 490.124, subdivision 8, is amended to read:

90.24 Subd. 8. **Exclusive normal retirement benefits.** ~~Any~~ (a) Except as provided in  
 90.25 paragraph (b), a judge who retires after December 31, 1973, shall be is entitled to a  
 90.26 retirement pension, retirement compensation or other retirement payment under statutes  
 90.27 applicable solely to judges ~~pursuant to~~ under this section only, ~~except that any such~~ .

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

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

91.1 Sec. 35. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

91.2 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge ~~prior to~~ before  
 91.3 retirement, or upon the death of a person who has qualified for an annuity under this  
 91.4 section but who ceases to be a judge ~~prior to~~ before retirement and who has not received a  
 91.5 refund of contributions ~~pursuant to~~ under subdivision 12, a surviving spouse is entitled  
 91.6 to, or, if there be no surviving spouse, dependent children, ~~shall~~ are entitled to receive an  
 91.7 annuity, payable monthly, equal in total to 60 percent of the normal retirement annuity  
 91.8 which would have been payable to the judge or former judge had the date of death been  
 91.9 the normal retirement date, ~~provided that the.~~

91.10 (b) The annuity payable to a surviving spouse or to dependent children shall receive  
 91.11 an annuity is an amount of not less than 25 percent of the judge's or the former judge's  
 91.12 final average compensation.

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

91.18 Sec. 36. Minnesota Statutes 2004, section 490.124, subdivision 10, is amended to read:

91.19 Subd. 10. **Prior survivors' benefits; limitation.** (a) Benefits provided ~~pursuant~~  
 91.20 ~~to~~ under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.1091, for a  
 91.21 surviving spouse of a retired judge, payable after the death of the judge, ~~shall be~~ are  
 91.22 limited to:

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

91.24 (b) ~~spouses of judges in office on December 31, 1973 and thereafter who elect~~  
 91.25 ~~to continue contributions pursuant to section 490.102, subdivision 6 or 490.109. The~~  
 91.26 ~~contributions shall be in addition to contributions pursuant to section 490.123, and upon~~  
 91.27 ~~retirement the judge may not elect to receive any optional annuity pursuant to subdivision~~  
 91.28 ~~11 unless the judge and the spouse shall waive any benefits pursuant to section 490.102,~~  
 91.29 ~~subdivision 6 or 490.1091.~~

91.30 No other judge in office on or after January 1, 1974, ~~shall be~~ is required to contribute  
 91.31 ~~pursuant to~~ under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.109.

2 Sec. 37. Minnesota Statutes 2004, section 490.124, subdivision 11, is amended to read:

92.1 Subd. 11. **Limitation on survivor benefits; optional annuities.** (a) No survivor  
92.2 or death benefits may be paid in connection with the death of a judge who retires after  
92.3 December 31, 1973, except as otherwise provided in sections 490.121 to 490.132.

92.4 (b) Except as provided in subdivision 10, a judge may elect to receive, instead of  
92.5 the normal retirement annuity, an optional retirement annuity in the form of either (1) an  
92.6 annuity payable for a period certain and for life after that period, (2) a joint and survivor  
92.7 annuity without reinstatement ~~in the event of if~~ the designated beneficiary ~~predeceasing~~  
92.8 predeceases the retired judge, or (3) a joint and survivor annuity with reinstatement ~~in the~~  
92.9 ~~event of if~~ the designated beneficiary ~~predeceasing~~ predeceases the retired judge.

92.10 (c) An optional retirement annuity must be actuarially equivalent to a single-life  
92.11 annuity with no term certain and must be established by the board of directors of the  
92.12 Minnesota State Retirement System. In establishing these optional retirement annuity  
92.13 forms, the board shall obtain the written recommendation of the actuary retained ~~by~~  
92.14 ~~the Legislative Commission on Pensions and Retirement~~ under section 356.214. The  
92.15 recommendations must be retained as a part of the permanent records of the board.

92.16 Sec. 38. Minnesota Statutes 2004, section 490.124, subdivision 12, is amended to read:

92.17 Subd. 12. **Refund.** (a) A person who ceases to be a judge ~~but who does not qualify~~  
92.18 ~~for a retirement annuity or other benefit under section 490.121~~ is entitled to a refund in  
92.19 an amount that is equal to all of the member's employee contributions to the judges'  
92.20 retirement fund plus interest computed under section 352.22, subdivision 2.

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

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

92.29 Sec. 39. Minnesota Statutes 2004, section 490.124, subdivision 13, is amended to read:

92.30 Subd. 13. **Death refund.** If a judge who has not received other benefits under this  
92.31 chapter dies and there are no survivor benefits payable under this chapter, a refund plus  
92.32 interest as provided in subdivision 12 is payable to the last designated beneficiary named  
92.33 on a form filed with the director before the death of the judge, or, if no designation is on  
92.34 file, the refund is payable to the estate of the deceased judge.

93.1 Sec. 40. Minnesota Statutes 2004, section 490.125, subdivision 1, is amended to read:

93.2 Subdivision 1. **Mandatory retirement age.** Except as otherwise provided in  
 93.3 sections 490.121 to 490.132, ~~each a judge shall retire~~ terminate active service as a judge  
 93.4 on the judge's mandatory retirement date.

93.5 Sec. 41. Minnesota Statutes 2004, section 490.125, subdivision 2, is amended to read:

93.6 Subd. 2. **Exception.** ~~Except as provided by sections 490.025, subdivision 3,~~  
 93.7 ~~490.102, subdivisions 3 and 3a and 490.12, subdivision 2;~~ Any judge in office on  
 93.8 December 31, 1973 who shall have attained 70 years of age on or prior to such date shall  
 93.9 retire upon the expiration of the term of office of such judge.

93.10 Sec. 42. Minnesota Statutes 2004, section 490.126, as amended by Laws 2005, First  
 93.11 Special Session chapter 8, article 10, section 79, is amended to read:

93.12 **490.126 PROCEDURES.**

93.13 Subdivision 1. **Compulsory retirement.** Proceedings for compulsory retirement  
 93.14 of a judge, if necessary, ~~shall~~ must be conducted in accordance with rules issued by the  
 93.15 Supreme Court ~~pursuant to~~ under section ~~490.16~~ 490A.02.

93.16 Subd. 2. **Vacancies.** Any judge may make written application to the governor for  
 93.17 retirement. The governor thereupon shall direct the judge's retirement by written order  
 93.18 which, when filed in the Office of the Secretary of State, ~~shall effect~~ effects a vacancy in  
 93.19 the office to be filled as provided by law.

93.20 Subd. 3. **Application for annuity or refund.** An application for an annuity or a  
 93.21 refund under sections 490.121 to 490.132 may be made by the potential annuitant or by  
 93.22 someone authorized to act for the potential annuitant. Every application for an annuity  
 93.23 or refund, ~~with~~ accompanied by a proof of age and by a record of years of service  
 93.24 when required, ~~shall~~ must be submitted to the ~~governing body~~ executive director of the  
 93.25 Minnesota State Retirement System in a form prescribed by ~~it~~ the director.

93.26 Subd. 4. **Manner of payment.** Unless otherwise specifically provided by statute or  
 93.27 agreed upon by the annuitant and the ~~governing body~~ board of directors of the Minnesota  
 93.28 state retirement system, annuities payable under sections 490.121 to 490.132 ~~shall~~ must  
 93.29 be paid in the manner and at the intervals as prescribed by the executive director of the  
 93.30 Minnesota state retirement system. The annuity ~~shall cease~~ ceases with the last payment  
 93.31 received by the annuitant while living.

2 Subd. 5. **Exemption from process; no assignment.** The provisions of section  
 93.33 356.401 apply to the judges retirement plan.



94.1 Sec. 43. Minnesota Statutes 2004, section 490.133, is amended to read:

94.2 **490.133 RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO**  
 94.3 **COURT OF APPEALS.**

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

94.8 (b) In that the case of a judge to whom paragraph (a) applies, the service of the  
 94.9 judge in the Court of Appeals ~~shall~~ must be added to the prior service as district judge,  
 94.10 probate judge, or judge of any other court of record in determining eligibility and the  
 94.11 compensation of a judge of the Court of Appeals at the time of the judge's death, disability,  
 94.12 or retirement ~~shall be~~ is the "compensation allotted to the office" for the purposes of  
 94.13 calculating benefit amounts.

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

94.16 Sec. 44. **[490A.01] BOARD OF JUDICIAL STANDARDS; ESTABLISHMENT.**

94.17 Subdivision 1. Establishment; composition. The Board on Judicial Standards is  
 94.18 established. The board is a continuation of the board established by Laws 1971, chapter  
 94.19 909, sections 1 and 2, as amended.

94.20 Subd. 2. Composition; appointment. (a) The board consists of one judge of the  
 94.21 Court of Appeals, three trial court judges, two lawyers who have practiced law in the state  
 94.22 for at least ten years, and four citizens who are not judges, retired judges, or lawyers.

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

94.25 Subd. 3. Term maximum; membership termination. No member may serve more  
 94.26 than two full four-year terms or their equivalent. Membership terminates if a member  
 94.27 ceases to hold the position that qualified the member for appointment.

94.28 Subd. 4. Member terms; compensation; removal. The membership terms,  
 94.29 compensation, removal of members, and filling of vacancies on the board are as provided  
 94.30 in section 15.0575.

94.31 Subd. 5. Executive secretary appointment; salary. (a) The board shall appoint  
 94.32 the executive secretary.

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

95.1     Sec. 45. **[490A.02] JUDICIAL STANDARDS BOARD; POWERS.**

95.2             Subdivision 1. **Judicial disqualification.** A judge is disqualified from acting as a  
95.3 judge, without a loss of salary, while there is pending an indictment or any information  
95.4 charging the judge with a crime that is punishable as a felony under either Minnesota law  
95.5 or federal law, or while there is pending a recommendation to the Supreme Court by the  
95.6 Board on Judicial Standards for the judge's removal or retirement.

95.7             Subd. 2. **Judicial suspension.** On receipt of a recommendation of the Board on  
95.8 Judicial Standards or on its own motion, the Supreme Court may suspend a judge from  
95.9 office without salary when the judge pleads guilty to or no contest to or is found guilty of  
95.10 a crime that is punishable as a felony under either Minnesota law or federal law or any  
95.11 other crime that involves moral turpitude. If the conviction is reversed, the suspension  
95.12 terminates and the judge must be paid a salary for the period of suspension. If the judge  
95.13 is suspended and the conviction becomes final, the Supreme Court shall remove the  
95.14 judge from office.

95.15             Subd. 3. **Judicial disability.** On receipt of a recommendation of the Board on  
95.16 Judicial Standards, the Supreme Court may retire a judge for a disability that the court  
95.17 determines seriously interferes with the performance of the judge's duties and is or is  
95.18 likely to become permanent, and censure or remove a judge for an action or inaction that  
95.19 may constitute persistent failure to perform the judge's duties, incompetence in performing  
95.20 the judge's duties, habitual intemperance, or conduct prejudicial to the administration of  
95.21 justice that brings the judicial office into disrepute.

95.22             Subd. 4. **Authority to reopen matters.** The board is specifically empowered to  
95.23 reopen any matter wherein any information or evidence was previously precluded by a  
95.24 statute of limitations or by a previously existing provision of time limitation.

95.25             Subd. 5. **Retirement status.** (a) A judge who is retired by the Supreme Court must  
95.26 be considered to have retired voluntarily.

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

95.30             Subd. 6. **Eligibility for judicial office; practice law.** A judge removed by the  
95.31 Supreme Court is ineligible for any future service in a judicial office. The question of  
95.32 the right of a removed judge to practice law in this state must be referred to the proper  
95.33 authority for review.

95.34             Subd. 7. **Supreme court rules.** The Supreme Court shall make rules to implement  
95.35 this section.

96.1       Sec. 46. **[490A.03] PERSONS AFFECTED.**

96.2             The provisions of sections 490A.01 and 490A.02 apply to all judges, judicial  
96.3 officers, and referees.

96.4       Sec. 47. Minnesota Statutes 2004, section 525.05, is amended to read:

96.5             **525.05 JUDGE OR REFEREE; GROUNDS FOR DISQUALIFICATION.**

96.6             The following shall be grounds for disqualification of any judge or referee from  
96.7 acting in any matter: (1) That the judge or the judge's spouse or any of either of their kin  
96.8 nearer than first cousin is interested as representative, heir, devisee, legatee, ward, or  
96.9 creditor in the estate involved therein; (2) that it involves the validity or interpretation of a  
96.10 will drawn or witnessed by the judge; (3) that the judge may be a necessary witness in the  
96.11 matter; (4) that it involves a property right in respect to which the judge has been engaged  
96.12 or is engaged as an attorney; or (5) that the judge was engaged in a joint enterprise for  
96.13 profit with the decedent at the time of death or that the judge is then engaged in a joint  
96.14 enterprise for profit with any person interested in the matter as representative, heir,  
96.15 devisee, legatee, ward, or creditor. When grounds for disqualification exist, the judge may,  
96.16 and upon proper petition of any person interested in the estate must, request another  
96.17 judge or a judge who has retired ~~as provided in section 490.12, subdivision 2,~~ to act in  
96.18 the judge's stead in the matter.

96.19       Sec. 48. **REVISOR'S INSTRUCTION.**

96.20             (a) In Minnesota Statutes, chapters 352, 352D, 355, 356, and 487, the revisor of  
96.21 statutes shall change references to "sections 490.121 to 490.132" to "chapter 490."

96.22             (b) In Minnesota Statutes, chapter 490, the revisor of statutes shall change references  
96.23 to "sections 490.121 to 490.132" to "this chapter."

96.24             (c) In Minnesota Statutes, sections 175A.01, subdivision 4, and 271.01, subdivision  
96.25 1, the revisor of statutes shall change references to "sections 490.15 and 490.16" to  
96.26 "sections 490A.01 and 490A.02."

96.27       Sec. 49. **REPEALER.**

96.28             Subdivision 1. **Judicial retirement plans; repealed as obsolete.** Minnesota  
96.29 Statutes 2004, sections 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106;  
96.30 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11,  
96.31 12, 16, 17, 18, and 19; 490.124, subdivision 6; and 490.132, and Minnesota Statutes 2005  
96.32 Supplement, section 490.121, subdivision 20, are repealed.

97.1 Subd. 2. **Judicial standards board; repealed for relocation as Minnesota**  
 97.2 **Statutes, chapter 490A.** Minnesota Statutes 2004, sections 490.15; 490.16; and 490.18,  
 97.3 are repealed.

97.4 Subd. 3. **Uniform judicial retirement plan; no benefit diminishment intended;**  
 97.5 **procedure.** Sections 1 to 50 are not intended to reduce or increase the entitlement of  
 97.6 active, deferred, or retired judges to retirement annuities or benefits as of July 1, 2006, as  
 97.7 reflected in the records of the Minnesota State Retirement System. If the executive director  
 97.8 of the Minnesota State Retirement System determines that any provision of sections 1 to  
 97.9 48 functions to modify, impair, or diminish the retirement annuity or benefit entitlement  
 97.10 of any judge that had accrued or earned before July 1, 2006, the executive director shall  
 97.11 certify that determination and a recommendation as to the required legislative correction  
 97.12 to the chair of the Legislative Commission on Pensions and Retirement, the chair of  
 97.13 the senate State and Local Government Operations Committee, the chair of the house  
 97.14 Governmental Operations and Veterans Affairs Policy Committee, and the executive  
 97.15 director of the Legislative Commission on Pensions and Retirement on or before the  
 97.16 October 1 next following that determination.

97.17 **Sec. 50. EFFECTIVE DATE.**

97.18 Sections 1 to 50 are effective July 1, 2006.

97.19 **ARTICLE 13**

97.20 **JUDGES RETIREMENT PLAN AND RELATED CHANGES**

97.21 Section 1. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

97.22 **Subd. 5. Optional annuities.** (a) The board of directors shall establish an optional  
 97.23 retirement annuity in the form of a joint and survivor annuity and an optional retirement  
 97.24 annuity in the form of a period certain and life thereafter. Except as provided in paragraph  
 97.25 (b), these optional annuity forms must be actuarially equivalent to the normal annuity  
 97.26 computed under this section, plus the actuarial value of any surviving spouse benefit  
 97.27 otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1.  
 97.28 An individual selecting an optional annuity under this subdivision waives any rights to  
 97.29 surviving spouse benefits under section 3A.04, subdivision 1.

97.30 (b) If a retired legislator selects the joint and survivor annuity option, the retired  
 97.31 legislator must receive a normal single-life annuity if the designated optional annuity  
 97.32 beneficiary dies before the retired legislator and no reduction may be made in the annuity  
 97.33 to provide for restoration of the normal single-life annuity in the event of the death of the  
 97.34 designated optional annuity beneficiary.

98.1 (c) The surviving spouse of a legislator who has attained at least age ~~60~~ 55 and who  
98.2 dies while a member of the legislature may elect an optional joint and survivor annuity  
98.3 under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision  
98.4 1.

98.5 Sec. 2. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

98.6 Subdivision 1. **Surviving spouse.** Upon the death of a member of the legislature  
98.7 while serving as such member after June 30, 1973, or upon the death of a former member  
98.8 of the legislature with at least the number of years of service as required by section 3A.02,  
98.9 subdivision 1, clause (1), if section 3A.02, subdivision 5, paragraph (c), does not apply,  
98.10 the surviving spouse shall be paid a survivor benefit in the amount of one-half of the  
98.11 retirement allowance of the member of the legislature computed as though the member  
98.12 were at least normal retirement age on the date of death and based upon allowable  
98.13 service or eight years whichever is greater. The augmentation provided in section 3A.02,  
98.14 subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a  
98.15 former legislator receiving a retirement allowance, the surviving spouse shall be entitled  
98.16 to one-half of the amount of the allowance being paid to the legislator. Such benefit shall  
98.17 be paid during the lifetime of the surviving spouse.

98.18 Sec. 3. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

98.19 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to retirement, or  
98.20 upon the death of a person who has qualified for an annuity but who ceases to be a judge  
98.21 prior to retirement and has not received a refund of contributions pursuant to subdivision  
98.22 12, a surviving spouse or, if there be no surviving spouse, dependent children, shall  
98.23 receive an annuity, payable monthly, equal to 60 percent of the normal retirement annuity  
98.24 which would have been payable to the judge or former judge had the date of death been  
98.25 the normal retirement date, provided that the surviving spouse or dependent children  
98.26 shall receive an annuity of not less than 25 percent of the judge's or former judge's final  
98.27 average compensation.

98.28 (b) The surviving spouse of a deceased judge may elect to receive, in lieu of the  
98.29 annuity under paragraph (a), an annuity equal to the 100 percent joint and survivor annuity  
98.30 which the judge or former judge could have qualified for on the date of death.

98.31 (c) If a judge, whose surviving spouse was not entitled to survivors benefits provided  
98.32 solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to  
98.33 retirement on or after May 23, 1973, and before January 1, 1974, a surviving spouse and

99.1 dependent children, if any, shall be entitled to survivors benefits as provided hereunder as  
 99.2 if such judge had died on January 1, 1974.

99.3 Sec. 4. EFFECTIVE DATE.

99.4 (a) Sections 1 and 2 are effective the day following final enactment.

99.5 (b) Section 3 is effective January 1, 2006, and applies to the surviving spouse of  
 99.6 any judge who died on or after that date.

99.7 **ARTICLE 14**

99.8 **VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES**

99.9 Section 1. Minnesota Statutes 2004, section 6.72, is amended to read:

99.10 **6.72 STATE AUDITOR; REPORT TO LEGISLATURE ON VOLUNTEER**  
 99.11 **FIREFIGHTERS' RELIEF ASSOCIATIONS.**

99.12 Subdivision 1. **Reporting requirements.** ~~Commencing November 15, 1981, and~~  
 99.13 ~~every two years thereafter~~ (a) Annually, the state auditor shall report to the legislature on  
 99.14 the general financial condition of the various volunteer firefighters' relief associations in  
 99.15 the state as of December 31 of the year preceding the filing of the report.

99.16 (b) Two copies of the report shall be filed with the executive director of the  
 99.17 Legislative Commission on Pensions and Retirement and ten copies of the report shall be  
 99.18 filed with the director of the Legislative Reference Library.

99.19 Subd. 2. **Contents of report.** The report ~~shall~~ must include ~~the aggregate totals~~ for  
 99.20 all volunteer firefighters' relief associations directly associated with the municipal fire  
 99.21 departments and all volunteer firefighters' relief associations subsidiary to independent  
 99.22 nonprofit firefighting corporations, ~~the aggregate totals by the various benefit types and the~~  
 99.23 ~~individual results for each volunteer firefighters' relief association listed by various benefit~~  
 99.24 ~~types specified in subdivision 3.~~ The following items ~~shall be reported in each instance:~~

- 99.25 (1) amount of accrued liability,  
 99.26 (2) amount of the assets of the special fund,  
 99.27 (3) amount of surplus or unfunded accrued liability,  
 99.28 (4) funding ratio,  
 99.29 (5) amount of annual accruing liability or normal cost,  
 99.30 (6) amount of annual required contribution to amortize the unfunded accrued  
 99.31 liability,  
 99.32 (7) amount of total required contribution,  
 99.33 (8) amount of fire state aid and supplemental fire state aid,

- 100.1 (9) amount of any municipal contributions,  
 100.2 (10) amount of administrative expenses,  
 100.3 (11) amount of service pension disbursements,  
 100.4 (12) amount of other retirement benefit disbursements,  
 100.5 (13) number of active members,  
 100.6 (14) number of retired members,  
 100.7 (15) number of deferred members,  
 100.8 (16) amount of fidelity bond of secretary and treasurer,  
 100.9 (17) amount of lump sum or monthly service pension accrued per year of service  
 100.10 credit,  
 100.11 (18) minimum retirement age required for commencement of a service pension,  
 100.12 (19) minimum years of active service credit required for commencement of service  
 100.13 pension,  
 100.14 (20) minimum years of active membership credit required for commencement of  
 100.15 service pension, and  
 100.16 (21) type and amount of other retirement benefits.

100.17 Subd. 3. ~~Benefit categories~~ Report format. ~~For purposes of compiling~~ The report  
 100.18 required by this section, ~~the various benefit types shall be as follows:~~

- 100.19 ~~(1) volunteer firefighters' relief associations paying a lump sum service pension of:~~  
 100.20 ~~(i) less than \$50 per year of service,~~  
 100.21 ~~(ii) \$50 or more, but less than \$100 per year of service,~~  
 100.22 ~~(iii) \$100 or more, but less than \$200 per year of service,~~  
 100.23 ~~(iv) \$200 or more, but less than \$300 per year of service,~~  
 100.24 ~~(v) \$300 or more per year of service;~~  
 100.25 ~~(2) volunteer firefighters' relief associations paying a monthly benefit service~~  
 100.26 ~~pension of:~~  
 100.27 ~~(i) less than \$2 per month per year of service,~~  
 100.28 ~~(ii) \$2 or more per month per year of service;~~  
 100.29 ~~(3) volunteer firefighters' relief associations paying a defined contribution service~~  
 100.30 ~~pension;~~  
 100.31 ~~(4) volunteer firefighters' relief associations paying no service pension~~ must be  
 100.32 organized in a manner that the state auditor determines to provide fair representation of  
 100.33 the condition of the various volunteer firefighters' relief associations.

100.34 Sec. 2. Minnesota Statutes 2004, section 424A.001, is amended by adding a  
 100.35 subdivision to read:

101.1 Subd. 10. Volunteer firefighter. "Volunteer firefighter" means a person who:

101.2 (1) was a member of the applicable fire department or the firefighting corporation  
 101.3 and a member of the relief association on July 1, 2006; or

101.4 (2) became a member of the applicable fire department or the firefighting corporation  
 101.5 and is eligible for membership in the applicable relief association after June 30, 2006, and

101.6 (i) is engaged in providing emergency response services or delivering fire education  
 101.7 or prevention services as a member of a municipal fire department, a joint powers entity  
 101.8 fire department, or an independent nonprofit firefighting corporation;

101.9 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire  
 101.10 prevention duties under subdivision 8; and

101.11 (iii) meets any other minimum firefighter and service standards established by the  
 101.12 fire department or firefighting corporation or specified in the articles of incorporation or  
 101.13 bylaws of the relief association.

101.14 Sec. 3. Minnesota Statutes 2004, section 424A.02, subdivision 8b, is amended to read:

101.15 **Subd. 8b. Transfer to individual retirement account.** A relief association that is  
 101.16 a qualified pension plan under section 401(a) of the federal Internal Revenue Code, as  
 101.17 amended, and that provides a lump sum service pension, at the written request of a the  
 101.18 applicable retiring member or, following the death of the active member, at the written  
 101.19 request of the deceased member's surviving spouse, may directly transfer the eligible  
 101.20 member's lump sum pension or the death, funeral, or survivor benefit attributable to the  
 101.21 member, whichever applies, to the member's requesting person's individual retirement  
 101.22 account under section 408(a) of the federal Internal Revenue Code, as amended.

101.23 Sec. 4. Minnesota Statutes 2004, section 424A.05, subdivision 3, is amended to read:

101.24 **Subd. 3. Authorized disbursements from the special fund.** (a) Disbursements  
 101.25 from the special fund are not permitted to be made for any purpose other than one of  
 101.26 the following:

101.27 (1) for the payment of service pensions to retired members of the relief association if  
 101.28 authorized and paid pursuant to law and the bylaws governing the relief association;

101.29 (2) for the payment of temporary or permanent disability benefits to disabled  
 101.30 members of the relief association if authorized and paid pursuant to law and specified in  
 101.31 amount in the bylaws governing the relief association;

2 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
 101.33 or if none, to designated beneficiaries, of deceased members of the relief association,  
 101.34 and if survivors and if no designated beneficiary, for the payment of a death benefit to



102.1 the estate of the deceased active firefighter, if authorized by and paid pursuant to law and  
102.2 specified in amount in the bylaws governing the relief association;

102.3 (4) for the payment of any funeral benefits to the surviving spouse, or if no surviving  
102.4 spouse, the estate, of the deceased member of the relief association if authorized by law  
102.5 and specified in amount in the bylaws governing the relief association;

102.6 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
102.7 Department Association, to the Minnesota Area Relief Association Coalition, and to  
102.8 the state Volunteer Firefighters Benefit Association in order to entitle relief association  
102.9 members to membership in and the benefits of these associations or organizations; and

102.10 (6) for the payment of administrative expenses of the relief association as authorized  
102.11 pursuant to section 69.80.

102.12 (b) For purposes of this chapter, a designated beneficiary must be a natural person.

102.13 **Sec. 5. RANDALL FIREMEN'S RELIEF ASSOCIATION; REVISED BENEFIT**  
102.14 **FOR SPOUSE OF DECEASED FIREFIGHTER.**

102.15 Subdivision 1. Application. This section applies to a surviving spouse of a person  
102.16 who:

102.17 (1) was born on June 21, 1973;

102.18 (2) as a member of the Randall Firemen's Relief Association provided one year and  
102.19 ten months of service to the associated fire department and had one year of service credit  
102.20 in the association on the date of death; and

102.21 (3) was killed in a construction accident on October 28, 2005.

102.22 Subd. 2. Eligibility for benefit. Notwithstanding any law to the contrary, the  
102.23 eligible person described in subdivision 1 is entitled to receive a survivor benefit from the  
102.24 Randall Firemen's Relief Association benefit plan as revised in November 2005, not to  
102.25 exceed the survivor benefit amount that would be applicable if the firefighter had lived  
102.26 until a day after the effective date of the increased minimum surviving spouse benefit  
102.27 approved by the Randall City Council in November 2005, consistent with Minnesota  
102.28 Statutes, section 424A.02, subdivision 9.

102.29 Subd. 3. Restrictions. This section does not authorize payment of more than  
102.30 a single survivor benefit to the eligible individual specified in subdivision 1. If a  
102.31 survivor benefit has been paid to the eligible individual by the Randall Firemen's Relief  
102.32 Association, this section authorizes payment to the eligible individual of the difference  
102.33 between the amount previously paid and the amount payable under the Randall Firemen's  
102.34 Relief Association benefit plan as revised in November 2005.

103.1 Sec. 6. **EFFECTIVE DATE.**103.2 (a) Sections 1 and 4 are effective July 1, 2006.103.3 (b) Section 2 is effective January 1, 2008.103.4 (c) Section 3 is effective the day following final enactment and applies retroactively  
103.5 to January 1, 2006.103.6 (d) Section 5 is effective the day after the date on which the Randall City Council and  
103.7 the chief clerical office of the city of Randall complete, in a timely manner, compliance  
103.8 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.103.9 **ARTICLE 15**103.10 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**103.11 Section 1. **CORRECTING PLAN COVERAGE ERROR BY PROVIDING A**  
103.12 **PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN ANNUITY.**103.13 Subdivision 1. Purpose. The annuity provided under this section is intended  
103.14 to compensate for an error in pension coverage. Due to the employment specified in  
103.15 subdivision 2, an eligible individual specified in subdivision 2 should have become a  
103.16 member of the public employees police and fire retirement plan but was incorrectly placed  
103.17 in the St. Paul Fire Department Relief Association retirement plan.103.18 Subd. 2. Eligibility. (a) An eligible individual under paragraph (b) is authorized to  
103.19 receive the benefit specified in subdivision 4, upon satisfying all requirements specified  
103.20 in this section.103.21 (b) An eligible individual is an individual who:103.22 (1) was born on April 24, 1951;103.23 (2) was hired as a St. Paul firefighter with a certified appointment date of June 13,  
103.24 1980, but first earned salary as a St. Paul firefighter on June 30, 1980;103.25 (3) was erroneously placed in the St. Paul Fire Department Relief Association  
103.26 retirement plan due to that employment; and103.27 (4) terminated from the St. Paul Fire Department employment on January 3, 1990.103.28 Subd. 3. Additional employee contribution or refund amount. (a) If a valid  
103.29 annuity application is made under subdivision 7, the executive director of the Public  
103.30 Employees Retirement Association shall determine the employee contributions that  
103.31 an eligible individual under subdivision 2 would have made to the public employees  
103.32 police and fire retirement plan fund, if coverage had been provided by that plan for  
103.33 the employment period specified in subdivision 2, and from each of these contribution  
103.34 amounts the employee contribution actually made by the eligible individual to the St. Paul  
103.35 Fire Department Relief Association for the same payroll period shall be subtracted. These

104.1 differences, plus 8.5 percent annual compound interest from the date the public employees  
104.2 police and fire retirement plan contribution would have been made until the first of the  
104.3 month after a valid annuity application has been received, shall be aggregated.

104.4 (b) If the aggregate amount under paragraph (a) is a positive number, the total  
104.5 amount shall be paid in a lump sum to the executive director of the Public Employees  
104.6 Retirement Association. The executive director shall notify the eligible individual  
104.7 in writing of the required amount. To be eligible for the current or deferred annuity  
104.8 specified in subdivision 4, the eligible individual must pay the amount required under this  
104.9 paragraph, if applicable, within three months of the executive director's notification.

104.10 (c) If the aggregate amount computed under paragraph (a) is a negative amount, the  
104.11 value of the contributions that the eligible employee made to the local relief association  
104.12 exceeded the value of employee contributions that would have been made to the public  
104.13 employees police and fire fund. This aggregate negative amount shall be multiplied by  
104.14 minus one and the resulting amount shall be refunded to the eligible individual by the city  
104.15 of St. Paul. The executive director shall inform the eligible individual of the refund  
104.16 amount in writing, and shall notify the city of St. Paul. The city of St. Paul shall pay this  
104.17 amount to the eligible individual within 30 days of notification.

104.18 Subd. 4. **Benefit amount.** The eligible individual is entitled to apply for an annuity,  
104.19 as further specified in subdivision 7, and to receive a public employees police and fire  
104.20 retirement plan retirement annuity computed based on the version of Minnesota Statutes,  
104.21 chapter 353, in effect on the date that the eligible individual terminated from St. Paul Fire  
104.22 Department Relief Association employment.

104.23 Subd. 5. **Calculation of reserves; payment by city of St. Paul.** The executive  
104.24 director of the Public Employees Retirement Association shall compute the full required  
104.25 reserves for the annuity determined under subdivision 4 using all applicable actuarial  
104.26 assumptions for the public employees police and fire retirement plan. This amount, after  
104.27 deducting the amount received by the Public Employees Retirement Association under  
104.28 subdivision 3, paragraph (b), if applicable, is to be paid to the executive director of the  
104.29 Public Employees Retirement Association in a lump sum by the city of St. Paul. The  
104.30 executive director shall notify the chief administrative officer of the city of St. Paul in  
104.31 writing of the payment amount required under this subdivision. This notification shall be  
104.32 made by the executive director within one month following the receipt by the executive  
104.33 director of any amount required under subdivision 3, paragraph (b), if applicable. The  
104.34 city of St. Paul must pay the amount required under this subdivision within 30 days after  
104.35 receipt of the executive director's notification.

105.1 Subd. 6. Actions upon failure to pay. If the city of St. Paul fails to transmit the  
105.2 amount required under subdivision 5 in a timely manner, or fails to make a timely refund  
105.3 under subdivision 3, paragraph (c), if applicable, the executive director of the Public  
105.4 Employees Retirement Association shall notify the commissioner of finance of this  
105.5 nonpayment or nonpayments, and the commissioner of finance shall deduct the applicable  
105.6 amount or amounts from any state aid otherwise payable to the city and transmit the  
105.7 amount required under subdivision 5 to the executive director for deposit in the public  
105.8 employees police and fire fund. If the city of St. Paul fails to make a payment required  
105.9 under subdivision 3, paragraph (c), if applicable, the commissioner of finance will make  
105.10 any necessary refund, with reimbursement through the withholding of aid, as stated in  
105.11 this subdivision.

105.12 Subd. 7. Annuity application. An eligible individual described in subdivision 2  
105.13 shall apply in writing on forms provided by the Public Employees Retirement Association  
105.14 for the annuity provided by this section. The application must be made before January 1,  
105.15 2007, and must include all necessary documentation of the applicability of this section and  
105.16 any other relevant information which the executive director may require.

105.17 Subd. 8. Service credit grant. Service credit in the public employees police and  
105.18 fire retirement plan for the eligible individual's employment period as a St. Paul firefighter  
105.19 shall be granted following the filing of a valid application for an annuity under subdivision  
105.20 7 and receipt by the executive director of any amount applicable under subdivision 3,  
105.21 paragraph (b).

105.22 **Sec. 2. PERA-P&F; PURCHASE OF SERVICE CREDIT.**

105.23 Subdivision 1. Eligibility. An eligible person may purchase allowable service credit  
105.24 from the public employees police and fire plan for the period from November 23, 1984,  
105.25 to March 16, 1985. An eligible person is a person who:

- 105.26 (1) is currently a member of the public employees police and fire plan; and  
105.27 (2) was employed by the city of Faribault as a firefighter since November 23, 1984,  
105.28 but was not covered by the public employees police and fire plan from November 23,  
105.29 1984, until March 16, 1985, despite the provided firefighting service.

105.30 Subd. 2. Purchase requirements. An eligible person must apply to the executive  
105.31 director of the Public Employees Retirement Association to make the service credit  
105.32 purchase authorized in this section. The application must be in writing and must contain  
105.33 documentation required by the executive director.

106.1 Subd. 3. Payment. If an eligible person meets the requirements to purchase service  
106.2 credit under this section, the public employees police and fire fund must be paid the  
106.3 amount determined under Minnesota Statutes, section 356.551.

106.4 Subd. 4. Additional requirements. (a) In addition to the one-year payment  
106.5 limitation in Minnesota Statutes, section 356.551, the authority provided by this section is  
106.6 voided if the amount required under subdivision 3 from an eligible person is not paid to the  
106.7 executive director of the Public Employees Retirement Association prior to termination  
106.8 of service by the eligible person.

106.9 (b) Notwithstanding Minnesota Statutes, section 356.551, allowable service credit in  
106.10 the public employees police and fire plan for the eligible person must be granted upon  
106.11 receipt by the executive director of payment from the eligible person of the amount  
106.12 required under subdivision 3.

106.13 (c) If the city of Faribault fails to pay the amount required under subdivision 3 within  
106.14 30 days of notification from the executive director of the amount required, the executive  
106.15 director shall inform the commissioner of the Department of Finance of the amount of the  
106.16 deficiency, and the amount must be deducted from any subsequent state aid to the city.

106.17 **Sec. 3. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF PRIOR**  
106.18 **SERVICE CREDIT FOR MONTANA TEACHING SERVICE.**

106.19 (a) An eligible person described in paragraph (b) is authorized to purchase service  
106.20 credit, in accordance with Minnesota Statutes, section 356.551, from the Teachers  
106.21 Retirement Association coordinated program for a period of teaching service in Montana  
106.22 public schools, not to exceed ten years.

106.23 (b) An eligible person is a person who:

106.24 (1) is currently an active member of the Teachers Retirement Association for  
106.25 teaching service at the Northfield Middle School in Independent School District No. 659;

106.26 (2) was born on January 1, 1959; and

106.27 (3) was a teacher at the Pine Hills School in Miles City, Montana, for 11.2 years with  
106.28 coverage for that service by the Montana Teachers Retirement System.

106.29 (c) An eligible person described in paragraph (b) is authorized to apply with the  
106.30 executive director of the Teachers Retirement Association to make the service credit  
106.31 purchase under this section. The application must be in writing and must include all  
106.32 necessary documentation of the applicability of this section, and any other relevant  
106.33 information which the executive director may require. The payment required under this  
106.34 section to receive the service credit must be received by the executive director of the  
106.35 Teachers Retirement Association before December 31, 2006, and before the eligible

107.1 person's retirement or termination from service. The service credit authorized by this  
107.2 section shall be granted upon receipt of the service credit purchase payment by the  
107.3 executive director.

107.4 (d) The authority under this section is voided if an eligible person under paragraph  
107.5 (b) retains a right to an annuity from the Montana Teachers Retirement System.

107.6 **Sec. 4. PERA-GENERAL; PUBLIC DEFENDER SERVICE CREDIT**  
107.7 **PURCHASE.**

107.8 (a) An eligible person described in paragraph (b) may purchase allowable service  
107.9 credit in the general employees retirement plan of the Public Employees Retirement  
107.10 Association for the period described in paragraph (c) by making the payment required  
107.11 under paragraph (d).

107.12 (b) An eligible person is a person who:

107.13 (1) was born on October 7, 1949;

107.14 (2) was employed as a public defender by the Tenth Judicial District on July 1, 1987;

107.15 (3) was also retained as an independent contractor by Washington County as a  
107.16 public defender as of June 12, 1989;

107.17 (4) was determined to have had deductions related to the Tenth Judicial District  
107.18 employment for the general employees retirement plan of the Public Employees  
107.19 Retirement Association taken in error and had those deductions returned on January 7,  
107.20 1991; and

107.21 (5) is currently a member of the general state employees retirement plan of the  
107.22 Minnesota State Retirement System.

107.23 (c) The period of allowable service credit available for purchase under this section  
107.24 is 21 months.

107.25 (d) The prior service credit purchase payment must be calculated under Minnesota  
107.26 Statutes, section 356.551.

107.27 **Sec. 5. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; EMPLOYEE**  
107.28 **ORGANIZATION BUSINESS AGENT LEAVE OF ABSENCE SERVICE CREDIT**  
107.29 **PURCHASE.**

107.30 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
107.31 service credit in the public employees police and fire retirement plan for the period  
107.32 described in paragraph (c) by making the payment required under paragraph (d).

107.33 (b) An eligible person is a person who:

107.34 (1) was born on January 3, 1959;

- 108.1 (2) was employed by the Minnetonka Police Department before 1995;  
108.2 (3) was granted a leave of absence from employment by the Minnetonka Police  
108.3 Department in 1995 to serve as the business agent for an employee labor organization; and  
108.4 (4) returned to employment with the Minnetonka Police Department from the leave  
108.5 of absence in 1997.  
108.6 (c) The period of service credit available for purchase under this section is one year.  
108.7 (d) The prior service credit purchase payment must be calculated under Minnesota  
108.8 Statutes, section 356.551.

108.9 **Sec. 6. PERA-GENERAL; PUBLIC GOLF COURSE EMPLOYEE SERVICE**  
108.10 **CREDIT PURCHASE .**

- 108.11 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
108.12 service credit from the general employees retirement plan of the Public Employees  
108.13 Retirement Association for the period of employment by the city of Anoka at the  
108.14 Greenhaven Golf Course between March 1, 1984, and December 28, 1997, that qualified as  
108.15 employment by a public employee under Minnesota Statutes, section 353.01, subdivisions  
108.16 2, 2a, and 2b, that was not previously credited by the retirement plan.  
108.17 (b) An eligible person is a person who:  
108.18 (1) was born on July 18, 1954;  
108.19 (2) was first employed by the city of Anoka at the Greenhaven Golf Course as a  
108.20 part-time employee in 1978;  
108.21 (3) was incorrectly characterized as an independent contractor by the city of Anoka  
108.22 during the period 1982-1998, although the person was provided health insurance and other  
108.23 employment recognition during portions of that period; and  
108.24 (4) became a member of the general employees retirement plan of the Public  
108.25 Employees Retirement Association in 1998.  
108.26 (c) The eligible person described in paragraph (b) must apply with the executive  
108.27 director of the Public Employees Retirement Association to make the service credit  
108.28 purchase under this section. The application must be in writing and must include all  
108.29 necessary documentation of the applicability of this section and any other relevant  
108.30 information that the executive director may require.  
108.31 (d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision  
108.32 16, must be granted by the general employees retirement plan of the Public Employees  
108.33 Retirement Association to the account of the eligible person upon the receipt of the prior  
108.34 service credit purchase payment amount required under Minnesota Statutes, section  
108.35 356.551.

109.1 (e) Of the prior service credit purchase payment amount under Minnesota Statutes,  
109.2 section 356.551, the eligible person must pay an amount equal to the employee  
1 3 contribution rate or rates in effect during the uncredited employment period applied to the  
109.4 actual salary rates in effect during the period, plus annual compound interest at the rate of  
109.5 8.5 percent from the date the member contribution payment should have been made if  
109.6 made in a timely fashion until the date on which the contribution is actually made. If the  
109.7 equivalent member contribution payment, plus interest, is made, the city of Anoka shall  
109.8 pay the balance of the total prior service credit purchase payment amount under Minnesota  
109.9 Statutes, section 356.551, within 60 days of notification by the executive director of the  
109.10 Public Employees Retirement Association of the member contribution equivalent payment.

109.11 (f) Authority for an eligible person to make a prior service credit purchase under this  
109.12 section expires on June 30, 2007.

109.13 (g) If the city of Anoka fails to pay its portion of the prior service credit purchase  
109.14 payment amount under paragraph (e), the executive director of the Public Employees  
109.15 Retirement Association must notify the commissioners of finance and revenue of that fact  
109.16 and the commissioners shall order the deduction of the required payment amount from  
109.17 the next subsequent payment of any state aid to the city of Anoka and be transmitted  
109.18 to the general employees retirement fund.

109.19 **Sec. 7. TEACHERS RETIREMENT ASSOCIATION; REFUND REPAYMENT**  
109.20 **OF CERTAIN TRANSFERRED AMOUNTS.**

109.21 (a) Notwithstanding Minnesota Statutes, section 352D.12 or 354.50, or any other  
109.22 provision to the contrary, an eligible person described in paragraph (b) may repay to  
109.23 the Teachers Retirement Association the amount specified in paragraph (c) and thereby  
109.24 restore the person's prior allowable and formula service credit under Minnesota Statutes,  
109.25 chapter 354.

109.26 (b) An eligible person is a person who:

109.27 (1) was born on July 17, 1947;

109.28 (2) taught for ten years with Independent School District No. 191, Burnsville;

109.29 (3) was employed by the Minnesota Educational Computing Corporation in 1984  
109.30 and 1985;

109.31 (4) transferred accumulated employee contributions and an equal employer  
109.32 contribution amount from the Teachers Retirement Association to the unclassified state  
3 employees retirement program of the Minnesota State Retirement System in 1985; and



110.1 (5) after employment in the private sector in educational computing, returned to  
110.2 teaching employed by Independent School District No. 196, Rosemount-Apple Valley-  
110.3 Eagan.

110.4 (c) The amount of the refund to be repaid to the Teachers Retirement Association is  
110.5 an amount equal to the amount transferred from the Teachers Retirement Association to  
110.6 the unclassified state employees retirement program of the Minnesota State Retirement  
110.7 System under Laws 1984, chapter 619, section 6, subdivision 3, plus compound annual  
110.8 interest at the rate of 8.5 percent from the date on which the amount was transferred from  
110.9 the Teachers Retirement Association to the date on which the transfer amount is repaid.

110.10 (d) Upon the repayment of the transfer amount, plus interest, the allowable and  
110.11 formula service credit in the Teachers Retirement Association under Minnesota Statutes,  
110.12 section 354.05, subdivisions 13 and 25, related to the transferred amount in 1985, must  
110.13 be restored to the eligible person.

110.14 (e) The transfer amount repayment, plus interest, may be made through an institution  
110.15 to institution transfer.

110.16 (f) This provision expires on July 1, 2007.

110.17 **Sec. 8. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE**  
110.18 **TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF**  
110.19 **PAST SERVICE CREDIT.**

110.20 (a) An eligible person described in paragraph (b) is authorized to become a  
110.21 coordinated member of the Teachers Retirement Association, and to purchase service and  
110.22 salary credit in the Teachers Retirement Association coordinated plan retroactive from  
110.23 January 1, 1995, upon making an election under paragraph (c) and upon making the  
110.24 required payment under paragraph (d).

110.25 (b) An eligible person is a person who:

110.26 (1) was born on September 10, 1958;

110.27 (2) has prior employment covered by the Public Employees Retirement Association  
110.28 general plan;

110.29 (3) is the director of student support services at North Hennepin Community College;

110.30 (4) began working at North Hennepin Community College on February 3, 1992, with  
110.31 coverage for that service by the higher education individual retirement account plan; and

110.32 (5) was not offered an election of Teachers Retirement Association coverage, as  
110.33 required under Laws 1994, chapter 508, article 1, section 10.

110.34 (c)(1) To be eligible for coverage by the Teachers Retirement Association, an  
110.35 eligible person must submit a written application to the executive director of the Teachers

111.1 Retirement Association on a form provided by the Teachers Retirement Association. The  
111.2 application must include all documentation of the applicability of this section and any  
111.3 other relevant information that the executive director may require. Following receipt by  
111.4 the executive director of the written application specified in this paragraph and receipt  
111.5 of the payment specified in paragraph (d):

111.6 (i) Teachers Retirement Association plan membership commences as of July 1, 2006;

111.7 (ii) individual retirement account plan coverage terminates for the applicable  
111.8 eligible person; and

111.9 (iii) past salary and service credit is granted from January 1, 1995, as specified  
111.10 in this section.

111.11 (2) The authority granted by this section is voided if the applicable eligible  
111.12 individual terminates from Minnesota State Colleges and Universities system employment  
111.13 prior to receipt by the executive director of the Teachers Retirement Association of the  
111.14 application specified in this paragraph and the amount specified in paragraph (d).

111.15 (d) To receive the treatment specified in this section, an eligible person shall make  
111.16 payment of the amount determined under Minnesota Statutes, section 356.551, to the  
111.17 executive director of the Teachers Retirement Association for the period from January 1,  
111.18 1995. The individual is authorized to cover the payment using assets transferred from the  
111.19 eligible individual's individual retirement account plan account, or from any other sources  
111.20 permitted by law. The total amount to be paid under this paragraph shall be determined  
111.21 by the executive director of the Teachers Retirement Association. Written notification of  
111.22 the amount required under this paragraph should be transmitted to the eligible individual.  
111.23 The Teachers Retirement Association is authorized to utilize the actuary jointly retained  
111.24 under Minnesota Statutes, section 356.214, to make the computations required under this  
111.25 paragraph. The Teachers Retirement Association shall allocate the amount received under  
111.26 this paragraph between the Teachers Retirement Association and the Public Employees  
111.27 Retirement Association, or other applicable pension fund, as indicated by the full actuarial  
111.28 cost determination required under this paragraph.

111.29 **Sec. 9. TRA; PURCHASE OF UNCREDITED MEDICAL LEAVE.**

111.30 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
111.31 and formula service credit in the Teachers Retirement Association for any period of  
111.32 medical leave that was not properly reported to the Teachers Retirement Association by  
111.33 Independent School District No. 197, West St. Paul, and consequently not previously  
111.34 audited under Minnesota Statutes, section 354.05, subdivision 13, upon the making of the  
111.35 payments required under paragraphs (c) and (d).

112.1 (b) An eligible person is a person who:  
112.2 (1) was born on August 24, 1948;  
112.3 (2) was initially employed as a teacher in September 1970;  
112.4 (3) is employed by Independent School District No. 197, West St. Paul; and  
112.5 (4) took a medical leave during the 2003-2004 school year that was not reported to  
112.6 the Teachers Retirement Association in a timely fashion.

112.7 (c) The eligible person shall make a payment equal to five percent of the person's  
112.8 2004-2005 school year salary, plus compound interest at the rate of 8.5 percent per annum  
112.9 from July 1, 2004, to the date on which the payment is made.

112.10 (d) Upon the payment under paragraph (c), the executive director of the Teachers  
112.11 Retirement Association shall, within 30 days, notify Independent School District No. 197,  
112.12 West St. Paul, of its obligation under this section. The school district's obligation is the  
112.13 balance of the prior service credit purchase payment amount determined under Minnesota  
112.14 Statutes, section 356.551, that exceeds the payment under paragraph (c). If the school  
112.15 district fails to pay its obligation within 60 days following notification, the executive  
112.16 director shall certify that failure and the amount due to the commissioner of finance, who  
112.17 shall deduct the amount due from any subsequent state aid payable to Independent School  
112.18 District No. 197, West St. Paul, plus interest at the rate of 0.71 percent per month from the  
112.19 date of the payment under paragraph (c) to the date of the actual payment.

112.20 (e) This provision expires on July 1, 2008.

112.21 **Sec. 10. INTERNATIONAL FALLS AND RED WING SCHOOL STRIKE**  
112.22 **SERVICE CREDIT PROVISION.**

112.23 Notwithstanding any provision of Minnesota Statutes, section 356.195, a teacher  
112.24 who was covered by the Teachers Retirement Association and who was on strike  
112.25 between September 20, 2002, and October 14, 2002, if the teacher was employed by  
112.26 the International Falls public schools or was on strike between October 22, 2002, and  
112.27 November 14, 2002, if the teacher was employed by the Red Wing public schools, is  
112.28 authorized to make a payment to the Teachers Retirement Association and receive  
112.29 allowable and formula service credit under Minnesota Statutes, section 354.05,  
112.30 subdivisions 13 and 25, for the applicable strike period under Minnesota Statutes, section  
112.31 356.195, subdivision 2, paragraph (c).

112.32 **Sec. 11. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL;**  
112.33 **BLOOMINGTON PUBLIC SCHOOLS CUSTODIAN SERVICE CREDIT**  
112.34 **PURCHASE AUTHORIZATION.**

113.1 (a) Notwithstanding any provision of law to the contrary, an eligible person  
 113.2 specified in paragraph (b) may purchase allowable service credit in the general employees  
 113.3 retirement plan of the Public Employees Retirement Association for the years and  
 113.4 months that elapsed between the date of hire by Independent School District No. 271,  
 113.5 Bloomington, and the date on which the person was recorded as a member of the general  
 113.6 employees retirement plan of the Public Employees Retirement Association upon the  
 113.7 payment of the amount set forth in paragraph (c).

113.8 (b) An eligible person is a person who was employed by Independent School District  
 113.9 No. 271, Bloomington, on the applicable indicated employment date, but who was not  
 113.10 reported to the Public Employees Retirement Association as a member of the general  
 113.11 employees retirement plan until the applicable indicated membership record date, and who  
 113.12 consequently has an uncredited period of school district employment, as follows:

<u>employee</u>	<u>employment date</u>	<u>membership record date</u>
<u>A</u>	<u>August 29, 1985</u>	<u>January 1, 1989</u>
<u>B</u>	<u>April 29, 1986</u>	<u>November 16, 1988</u>
<u>C</u>	<u>January 7, 1987</u>	<u>June 12, 1989</u>
<u>D</u>	<u>July 21, 1986</u>	<u>July 1, 1989</u>
<u>E</u>	<u>May 22, 1988</u>	<u>June 12, 1989</u>
<u>F</u>	<u>September 11, 1988</u>	<u>June 12, 1989</u>
<u>G</u>	<u>February 9, 1989</u>	<u>June 16, 1989</u>
<u>H</u>	<u>February 15, 1989</u>	<u>June 16, 1989</u>
<u>I</u>	<u>March 25, 1989</u>	<u>June 12, 1989</u>

113.23 (c) The prior service credit purchase payment amount is the amount determined  
 113.24 for each eligible person by the executive director of the Public Employees Retirement  
 113.25 Association under Minnesota Statutes, section 356.551.

113.26 (d) The eligible person shall pay an amount equal to the member contribution that  
 113.27 the person would have paid if the person had been a member of the general employees  
 113.28 retirement plan of the Public Employees Retirement Association during the period  
 113.29 between the applicable employment date and the applicable membership record date,  
 113.30 plus annual compound interest on the total amount at the rate of 8.5 percent from the  
 113.31 midpoint date of the uncredited employment period until the date on which the equivalent  
 113.32 member contribution is paid. Payment must be made by July 1, 2006, or by the date of the  
 113.33 termination of employment, whichever is earlier.

114.1 (e) If the eligible person makes the required payment under paragraph (d) in a timely  
114.2 fashion, Independent School District No. 271, Bloomington, may pay the difference  
114.3 between the amount determined under paragraph (c) and the amount paid under paragraph  
114.4 (d). If Independent School District No. 271, Bloomington, does not pay that balance  
114.5 within 30 days of notification by the executive director of the Public Employees Retirement  
114.6 Association of the payment by an eligible person under paragraph (d), the executive  
114.7 director shall notify the commissioner of finance of that fact and the commissioner of  
114.8 finance shall deduct the balance, plus compound interest on that amount at the rate of 1.5  
114.9 percent per month or portion of a month that has elapsed from the effective date of this  
114.10 section, from any state aid payable to the school district and shall transmit that amount to  
114.11 the executive director of the Public Employees Retirement Association.

114.12 (f) The eligible person shall provide any relevant documentation related to the  
114.13 eligibility to make this service credit purchase that is required by the executive director of  
114.14 the Public Employees Retirement Association.

114.15 (g) Only periods of employment when the eligible person would have been  
114.16 eligible for coverage by the general employees retirement plan of the Public Employees  
114.17 Retirement Association is purchasable under this section.

114.18 **Sec. 12. PERA-GENERAL; AUTHORIZING TRANSFER OF COVERAGE**  
114.19 **FROM DEFINED CONTRIBUTION PLAN IN CERTAIN INSTANCES.**

114.20 (a) An eligible person described in paragraph (b) may elect under paragraph (c) to  
114.21 transfer past retirement coverage from the defined contribution retirement plan of the  
114.22 public employees retirement association to the general employees retirement plan of the  
114.23 Public Employees Retirement Association by authorizing the transfer of assets specified in  
114.24 paragraph (d) and making the additional payment, if any, specified in paragraph (e).

114.25 (b) An eligible person is a former public employee or official who:

114.26 (1) was born on August 2, 1950;

114.27 (2) served in the Minnesota house of representatives from 1975 to 1991;

114.28 (3) served in the Minnesota senate from 1991 to 2002;

114.29 (4) became the mayor of a Minnesota home rule city in January 2002; and

114.30 (5) elected retirement coverage by the defined contribution retirement plan of the

114.31 Public Employees Retirement Association on January 15, 2002.

114.32 (c) The election of the retirement coverage transfer must be made in writing within  
114.33 180 days of the date of enactment of this act. The election must authorize the asset  
114.34 transfer specified in paragraph (d) and must be accompanied with any payment amount  
114.35 required under paragraph (e). Upon the transfer and payment, the electing eligible person

115.1 is entitled to allowable service and salary credit under Minnesota Statutes, section 353.01,  
115.2 subdivisions 10 and 16, for the service and salary related to the defined contribution  
115.3 retirement plan coverage period.

115.4 (d) The transfer amount is the total member and employer contributions and any  
115.5 investment performance to the credit of the eligible person in the defined contribution  
115.6 retirement plan of the Public Employees Retirement Association.

115.7 (e) The additional payment amount is the amount by which the transfer amount  
115.8 under paragraph (d) is less than the amount that would be required to be transferred to  
115.9 the Minnesota postretirement investment fund for the coordinated program of the general  
115.10 employees retirement plan of the Public Employees Retirement Association retirement  
115.11 annuity payable to the eligible person on the first day of the month next following the  
115.12 date of enactment or on the first day of the month next following the day on which the  
115.13 eligible person is first eligible to receive a retirement annuity from the general employees  
115.14 retirement plan of the Public Employees Retirement Association if that date is later than  
115.15 the date of enactment plus the amount representing the present value of the amount by  
115.16 which the retirement annuity from the legislators retirement plan was increased or the  
115.17 retirement age eligibility was modified under Minnesota Statutes, section 356.30, from the  
115.18 additional service and salary credit under Minnesota Statutes, chapter 353. The former  
115.19 employer of the eligible employee may pay a portion of the additional payment amount,  
115.20 but not to exceed 52 percent of the total amount, at the discretion of the former employer.

115.21 (f) The executive director of the Public Employees Retirement Association may  
115.22 request any relevant documentation to verify a person's status as an eligible person under  
115.23 this section and may audit city records to verify conformity with Minnesota Statutes,  
115.24 section 353.01, subdivisions 10 and 16.

115.25 **Sec. 13. MSRS-GENERAL; PAYMENT OF PORTION OF ANNUITY IN**  
115.26 **CERTAIN MARRIAGE DISSOLUTIONS.**

115.27 (a) Notwithstanding the provisions of Minnesota Statutes, section 518.58,  
115.28 subdivision 4, or any other law to the contrary, if a court of competent jurisdiction  
115.29 makes a finding meeting the requirements of paragraph (b), and that finding is filed with  
115.30 the executive director of the Minnesota State Retirement System, an eligible person  
115.31 described in paragraph (c) is entitled to immediately receive the person's designated  
115.32 portion of the ex-spouse's public retirement plan annuity awarded as part of the applicable  
115.33 marriage dissolution judgement that conformed with Minnesota Statutes, section 518.58,  
115.34 subdivision 4, when issued.

115.35 (b) The finding necessary to implement this section would be:

116.1 (1) that the court in its marriage dissolution judgment intended that the eligible  
116.2 person described in paragraph (c) receive a portion of the person's ex-spouse's public  
116.3 retirement plan annuity in a timely fashion;

116.4 (2) that the ex-spouse has declined to commence receipt of that public retirement  
116.5 plan annuity; and

116.6 (3) that the decision of the ex-spouse not to draw the public retirement plan annuity  
116.7 was not reasonably done in pursuit of an end other than to frustrate the payment of a  
116.8 portion of the retirement annuity to the eligible person.

116.9 (c) An eligible person is a person:

116.10 (1) who was born on August 12, 1944;

116.11 (2) who resides in Edina, Minnesota;

116.12 (3) who was married to a member of the general state employees retirement plan of  
116.13 the Minnesota State Retirement System; and

116.14 (4) whose marriage was dissolved on December 15, 1999.

116.15 (d) If the immediate payment of the eligible person's designated portion of the  
116.16 ex-spouse's public retirement plan annuity occurs under this section, the executive director  
116.17 of the Minnesota State Retirement System shall establish a separate account for the  
116.18 eligible person within the state employees retirement fund, shall credit that account with  
116.19 the applicable percentage of the actuarial present value of the retirement annuity of the  
116.20 ex-spouse under the marriage dissolution judgment, and shall reduce the account of the  
116.21 ex-spouse by that amount. The present value of the subsequent retirement annuity of the  
116.22 ex-spouse, when initiated, may not exceed the person's account value upon the division,  
116.23 plus the value of any deferred annuity augmentation.

116.24 **Sec. 14. MINNEAPOLIS EMPLOYEES RETIREMENT FUND; SERVICE**  
116.25 **CREDIT PURCHASE FOR CERTAIN WORKERS' COMPENSATION INJURY**  
116.26 **PERIODS.**

116.27 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
116.28 service credit from the Minneapolis Employees Retirement Fund for up to two years for  
116.29 the period of the injury that qualified for a workers' compensation benefit but that was not  
116.30 previously credited by the Minneapolis Employees Retirement Fund.

116.31 (b) An eligible person is a person who:

116.32 (1) was born on January 4, 1951;

116.33 (2) was first employed in the engineering department of the city of Minneapolis  
116.34 in 1974;

117.1 (3) suffered an injury that, in 1978, qualified the person for workers' compensation  
117.2 benefits;

117.3 (4) applied for disabled status in the Minneapolis Employees Retirement Fund in  
117.4 1986 and accrued allowable service credit for the period from 1986 to 1991; and

117.5 (5) was advised by the Minneapolis Employees Retirement Fund to wait until  
117.6 retirement age to pursue a claim for allowable service credit for the period from 1978  
117.7 to 1985.

117.8 (c) The eligible person described in paragraph (b) must apply with the executive  
117.9 director of the Minneapolis Employees Retirement Fund to make a service credit purchase  
117.10 under this section. The application must be in writing and must include all necessary  
117.11 documentation of the applicability of this section and any other relevant information that  
117.12 the executive director may require.

117.13 (d) Allowable service credit under Minnesota Statutes, sections 422A.15,  
117.14 subdivisions 1 and 4, and 422A.19, must be granted by the Minneapolis Employees  
117.15 Retirement Fund to the eligible person upon receipt from the applicable eligible person of  
117.16 the portion of the prior service credit purchase payment amount payable under paragraph  
117.17 (e) in a lump sum.

117.18 (e) Notwithstanding any provision of Minnesota Statutes, section 356.551, to the  
117.19 contrary, to obtain the service credit an eligible person must pay an amount equal to  
117.20 one-half of the prior service credit purchase payment amount determined under Minnesota  
117.21 Statutes, section 356.551. Payment must be made before July 1, 2007, or prior to  
117.22 termination of Minneapolis Employees Retirement Fund covered employment, whichever  
117.23 is earlier.

117.24 (f) If the eligible person makes the payment under paragraph (e), the city of  
117.25 Minneapolis must pay the remaining balance of the prior service credit purchase payment  
117.26 amount determined under Minnesota Statutes, section 356.551, within 30 days of the  
117.27 payment by the eligible person. The executive director of the Minneapolis Employees  
117.28 Retirement Fund must notify the chief financial officer of the city of Minneapolis of  
117.29 its payment amount and its payment due date if the eligible person makes the required  
117.30 payment. If the city of Minneapolis fails to pay its portion of the required prior service  
117.31 credit purchase payment amount, the executive director of the Minneapolis Employees  
117.32 Retirement Fund must notify the commissioner of finance of that fact within 30 days of the  
117.33 city payment due date and the commissioner of finance must order that the required city  
117.34 payment be deducted from any state aid otherwise payable to the city and be transmitted  
117.35 to the Minneapolis Employees Retirement Fund.



118.1 Sec. 15. EFFECTIVE DATE.118.2 (a) Sections 1 to 11 and 13 are effective the day following final enactment.118.3 (b) Section 12 is effective the day following the date on which the city council of  
118.4 the city of St. Paul and its chief clerical officer timely complete their compliance with  
118.5 Minnesota Statutes, section 645.021, subdivisions 2 and 3.118.6 (c) Section 14 is effective the day following the date on which the city council of the  
118.7 city of Minneapolis and its chief clerical officer timely complete their compliance with  
118.8 Minnesota Statutes, section 645.021, subdivisions 2 and 3.118.9 (d) Section 12 expires July 1, 2007.

**352C.01 LEGISLATIVE FINDING AND INTENT.**

The legislature finds that service to Minnesota in the capacity of a constitutional officer as defined in section 352C.021 constitutes a unique contribution to the state and that such service is dissimilar to any other public employment. The legislature further finds that service as a constitutional officer for a period of eight years or longer deprives the individual so serving of normal opportunities to establish retirement benefits in a usual vocational pursuit and justifies adoption of special retirement provisions. The provisions of this chapter are intended by the legislature to reflect the unique nature of service as a constitutional officer and to have due regard for the unusual disruption of normal retirement planning that such service entails.

**352C.011 APPLICABILITY.**

(a) Except as provided in paragraph (b), this chapter applies only to constitutional officers first elected before July 1, 1997, to a constitutional office.

(b) Constitutional officers elected for the first time to a constitutional office after June 30, 1997, or constitutional officers who were elected before July 1, 1997, and who, after July 1, 1998, elect not to be members of the plan established by this chapter are covered by the unclassified employees retirement program governed by chapter 352D.

(c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable and must be made on a form prescribed by the executive director of the Minnesota State Retirement System.

**352C.021 DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, the following terms shall have the meanings given to them unless the language or context clearly indicates that a different meaning is intended.

Subd. 1a. **Average salary.** "Average salary," for purposes of calculating the normal retirement annuity under section 352C.031, subdivision 4, means the average of the highest five successive years of salary upon which contributions have been made under section 352C.09.

Subd. 2. **Constitutional officer.** "Constitutional officer" means a person who was duly elected and qualified and is serving as governor, lieutenant governor, attorney general, secretary of state, or state auditor of the state of Minnesota.

Subd. 3. **Former constitutional officer.** "Former constitutional officer" means a person who has ceased to be a constitutional officer for any reason, including but not limited to the expiration of the term of office for which the person was elected, retirement or death.

Subd. 4. **Surviving spouse.** "Surviving spouse" means the unmarried spouse of a deceased constitutional officer or former constitutional officer.

Subd. 5. **Dependent child.** "Dependent child" means any natural or adopted child of a deceased constitutional officer or a deceased former constitutional officer who is under the age of 18, or who is under the age of 22 and is a full-time student, and who in either case is unmarried and was actually dependent for more than one-half of the child's support upon the constitutional officer or the former constitutional officer for a period of at least 90 days immediately prior to the death of the constitutional officer or the former constitutional officer. The term shall also include a posthumous child of the constitutional officer or the former constitutional officer.

Subd. 6. **Allowable service.** "Allowable service" means any years or months of service as a constitutional officer if the person made the contributions required by section 352C.09 on a current basis. The service need not be continuous. For any constitutional officer or former constitutional officer in office on or before July 1, 1967, allowable service shall include any service as a constitutional officer prior to July 1, 1967, notwithstanding that the person did not make concurrent contributions as required by section 352C.09.

Subd. 7. **Director.** "Director" means the executive director of the Minnesota State Retirement System.

**352C.031 RETIREMENT ALLOWANCE.**

Subdivision 1. **Unreduced retirement allowance.** Upon separation from service, a former constitutional officer who has attained the age of at least 62 years and who has at least eight years of allowable service is entitled upon making written application on forms supplied by the director to a normal retirement allowance.

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Subd. 2. **Reduced retirement allowance.** Upon separation from service, a former constitutional officer who has attained the age of at least 60 years and who has at least eight years of allowable service is entitled upon making written application on forms supplied by the director to a retirement allowance in an amount equal to a normal retirement allowance reduced by one-half of one percent for each month that the former constitutional officer is under age 62.

Subd. 4. **Retirement allowance formula.** (a) This paragraph applies to constitutional officers who terminate that service before July 1, 1997. The average salary multiplied by 2-1/2 percent for each year of allowable service and pro rata for completed months less than a full year shall determine the amount of the normal retirement allowance.

(b) This paragraph applies to constitutional officers who terminate that service after June 30, 1997. The retirement allowance is an amount equal to the rate under paragraph (a) per year of service of the constitutional officer's average monthly salary adjusted for that person on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent. The adjustment must be calculated by or, alternatively, the adjustment procedure must be specified by the actuary retained by the legislative commission on pensions and retirement.

Subd. 5. **Benefit accrual and termination.** The benefit shall begin to accrue the first day of the month in which the application is received by the director but in no event earlier than the day following the termination of service or the attainment of the age required to receive such benefit, whichever is later. Thereafter, benefits shall be paid on the first day of each calendar month for that month. The benefit shall cease with the payment for the month in which the retired constitutional officer died.

Subd. 6. **Payment of retirement allowances.** Retirement allowances payable pursuant to this section shall be paid monthly by the executive director of the Minnesota State Retirement System.

### **352C.033 DEFERRED ANNUITIES AUGMENTATION.**

(a) The deferred retirement allowance for any former constitutional officer must be augmented as provided in this section. The required reserves applicable to the deferred retirement allowance, determined as of the date the retirement allowance begins to accrue using the appropriate mortality table and an interest assumption of six percent, shall be augmented from the first of the month following termination of service as a constitutional officer, or January 1, 1979, whichever is later, to the first day of the month in which the annuity begins to accrue, at the rate of five percent per annum compounded annually until January 1, 1981, and thereafter at the rate of three percent per annum compounded annually until January 1 of the year in which the former constitutional officer attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually.

(b) The retirement allowance of, or the survivor benefit payable on behalf of, a former constitutional officer who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.

### **352C.04 SPOUSE'S AND DEPENDENT CHILDREN'S SURVIVOR BENEFITS.**

Subdivision 1. **Surviving spouse benefit.** Upon the death of a constitutional officer while actively serving in office, or a former constitutional officer with at least eight years of allowable service, the surviving spouse is entitled to a survivor benefit in the amount of one-half of the retirement allowance of the constitutional officer or the former constitutional officer computed as though the constitutional officer or the former constitutional officer were at least age 62 on the date of death and based upon the attained allowable service or eight years, whichever is greater. The augmentation provided in section 352C.033, if applicable, shall be applied to the month of death. Upon the death of a former constitutional officer receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the retirement allowance being paid to the former constitutional officer as of the date of death. The benefit shall be paid to a surviving spouse eligible therefor during the remainder of the spouse's natural life.

Subd. 2a. **Surviving dependent child benefit.** Upon the death of a constitutional officer while serving in office, or a former constitutional officer with at least eight years of allowable service, each dependent child shall be paid a survivor benefit in the following amount: First

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dependent child, a monthly benefit which equals 25 percent of the monthly retirement allowance computed as though the constitutional officer or the former constitutional officer were at least age 62 on the date of death and based upon the attained allowable service or eight years, whichever is greater; for each additional dependent child or a monthly benefit which equals 12-1/2 percent of the monthly retirement allowance computed as in the case of the first child; but the total amount paid to the surviving spouse and dependent children shall not exceed in any one month 100 percent of the monthly allowance of the constitutional officer or the former constitutional officer computed as in the case of the first child. The augmentation provided in subdivision 1, if applicable, shall be applied to the month of death. Upon the death of a former constitutional officer receiving a retirement allowance, the surviving dependent child shall be entitled to the applicable percentage of the amount of the retirement allowance being paid as of the date of death. The payments for dependent children shall be made to the surviving spouse or the guardian of the estate of the dependent child, if there is one. A posthumous child qualifies as a dependent child for benefits provided herein from the date of its birth.

Subd. 3. **Payment interval.** Spouse's and dependent children's survivor benefits, payable under this section, shall be paid monthly by the executive director of the Minnesota State Retirement System.

Subd. 4. **Application for survivor benefits.** A surviving spouse or a guardian of the estate of the dependent child or children entitled to the payment of benefits under this section shall file an application for the benefit with the director, and payment shall commence as of the first day of the month next following the filing of the application and shall be retroactive to the first of the month following the death of the constitutional officer or the former constitutional officer; provided, however, that no payment shall be retroactive for more than 12 months prior to the month in which the application is filed with the director. Such benefits shall be paid on the first day of each calendar month for that month. The surviving spouse benefit shall cease with the payment for the month in which the surviving spouse dies. The dependent child's benefit shall cease with the payment for the month in which the child no longer qualifies for payment as a dependent child.

**352C.051 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.**

Subdivision 1. **Entitlement to annuity; legislative service.** Any constitutional officer who has been a member of the legislature with service credited pursuant to chapter 3A shall be entitled when qualified to a retirement allowance from the legislator's retirement plan and the elective state officers plan if the total allowable service for which the person has credit in the two plans totals eight or more years, provided that no portion of the allowable service upon which the retirement allowance from one plan is based, is again used in the computation for benefits from the other plan. The retirement allowance from each plan shall be determined by the appropriate provisions of the law governing each plan, except that the requirement that a person must have at least eight years of allowable service in the respective plan shall not apply for purposes of this section, provided that the aggregate service in the two plans equals eight or more years. The augmentation of deferred annuities provided in sections 3A.02, subdivision 4, and 352C.033, shall apply to the retirement allowances accruing hereunder.

Subd. 2. **Entitlement to annuity; public retirement service.** Any constitutional officer who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund, or the Teachers Retirement Association, or the Minneapolis Employees Retirement Fund, or the State Patrol Retirement Association, or any other public employee retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police and firefighters, shall be entitled when qualified to an annuity from each fund if the person's total allowable service credit in all funds or in any two of these funds totals eight or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund. The annuity from each fund shall be determined by the appropriate provisions of the law governing each fund, except that the requirement that a person must have at least eight years allowable service in the respective system or association shall not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals eight or more years. The augmentation of deferred annuities provided in section 352C.033 shall apply to the annuities accruing hereunder.

Subd. 3. **Refund repayment.** Any former constitutional officer who has received a refund as provided in section 352C.09, subdivision 2, who is a currently contributing member of a

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retirement fund specified or enumerated in subdivision 1 or 2, may repay the refund to the elective state officers retirement plan, with interest at an annual rate of 8.5 percent compounded annually.

#### **352C.09 CONTRIBUTIONS.**

Subdivision 1. **Amount.** Every constitutional officer shall contribute nine percent of total salary by payroll deduction to be paid into the state treasury and deposited in the general fund. In case of retirement any unpaid deductions shall be deducted from any retirement allowance that becomes payable. All deductions and payments, if any, in lieu of deductions are to be paid into the state treasury and deposited in the general fund. It shall be the duty of the director to record the contributions of each constitutional officer and credit such contribution to such officer's account.

Subd. 2. **Refund.** (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer is entitled to receive upon application to the director a refund of all contributions credited to the individual's account with interest at the rate of six percent per annum compounded annually.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or survivors thereof under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, the former officer or commissioner shall be considered a new member and may reinstate the rights and credit for service forfeited provided all refunds previously taken are repaid with interest at an annual rate of 8.5 percent compounded annually.

(3) No person shall be required to apply for or accept a refund.

(4) The provisions of section 352.15 shall apply to the elective state officers retirement plan, chapter 352C.

Subd. 3. **Death refund.** If a constitutional officer who has not received other benefits under this chapter dies and there are no survivor benefits payable under this chapter, a refund plus interest as provided in subdivision 2, clause (1), is payable to the last designated beneficiary named on a form filed with the director before the death of the constitutional officer, or if no designation is on file, the refund is payable to the estate of the deceased constitutional officer.

#### **352C.091 ADMINISTRATION.**

Subd. 2. **Application of specific law to constitutional officers.** Laws 1976, chapter 329, sections 4 to 11 shall apply to constitutional officers in office on and after April 21, 1976.

Subd. 3. **Application of specific law to constitutional officers and commissioners.** Laws 1978, chapter 796, sections 12 to 22 shall apply to constitutional officers and commissioners in office on and after July 1, 1977. Any constitutional officer or commissioner in office on the effective date of Laws 1978, chapter 796 shall be entitled to elect to have the retirement allowance payable computed pro rata under the provisions of Minnesota Statutes 1976, chapter 352C for all service prior to the effective date of Laws 1978, chapter 796 and the provisions of this chapter, as amended by Laws 1978, chapter 796, for all service subsequent to the effective date of Laws 1978, chapter 796, or to have the retirement allowance computed entirely under the provisions of this chapter, as amended by Laws 1978, chapter 796. Any former constitutional officer or commissioner who terminated active service prior to July 1, 1977 but has not yet applied to receive a retirement allowance under the provisions of this chapter shall be entitled to apply for and commence receipt of a retirement allowance at the age specified in section 352C.031, subdivision 1, be covered by the deferred annuities augmentation provision contained in section 352C.04, subdivision 1, and be included in the coverage by more than one retirement system provision set forth in section 352C.051.

#### **3A.01 DEFINITIONS.**

Subd. 3. **Member of the legislature.** "Member of the legislature" means a member of the house of representatives or the senate of the state of Minnesota who has subscribed to the oath of office.

Subd. 4. **Retirement.** "Retirement" means the time after a former legislator is entitled to a retirement allowance. "Former legislator" means a legislator who has ceased to be a member of the legislature for any reason, including, but not limited to, expiration of the term for which a member of the legislature was elected, or death of such member.

Subd. 6a. **Salary.** "Salary" means the regular compensation payable under law to legislators and paid to the person for service as a legislator. The term includes the monthly compensation paid to the legislator, and the per diem payments paid during a regular or special session to the legislator. The term does not include per diem payments paid other than during the

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regular or special session, additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, and special session living expense payments under section 3.103.

Subd. 7. **Average monthly salary.** "Average monthly salary" means the average of the member's highest five successive years of salary received as a member of the legislature and upon which the member has made contributions under section 3A.03, subdivision 1, payments for past service under section 3A.02, subdivision 2, or payments in lieu of contributions under Minnesota Statutes 1992, section 3A.031, prior to July 1, 1994.

#### **3A.02 RETIREMENT ALLOWANCE.**

Subd. 2. **Payment for past service.** Any member of the legislature who is a member on July 1, 1965 or thereafter, may, notwithstanding the provisions of subdivision 1, clause (1), receive credit for service rendered as a member of the legislature prior to July 1, 1965, and the pension based thereon provided that the member pays to the director for credit to the member's account an amount equal to nine percent of all salary received for all periods of service rendered as a member of the legislature, even if such periods are not continuous and exceed ten years in duration. Such payment may be made at any time after the commencement of any regular session of the legislature in which the member serves.

#### **3A.04 SURVIVOR BENEFIT.**

Subd. 1a. **Increase in survivor benefits.** Survivor benefits provided in subdivision 1 authorized and in effect on June 3, 1977, shall be increased by 25 percent, effective retroactively to January 1, 1974, or the date the survivor benefit became payable, whichever is later.

#### **3A.09 MEMBERSHIP IN P.E.R.A.**

Any person who becomes a member of the legislature and who, on the date of becoming a member of the legislature, is a member of the Public Employees Retirement Association may elect, within six months of the date of becoming a member of the legislature, to remain a member of the Public Employees Retirement Association and shall not be required to make any contributions pursuant to section 3A.03. No person who is a member of the legislature shall belong to the Public Employees Retirement Association for service as a member of the legislature and make contributions pursuant to section 3A.03 or accrue rights pursuant to this chapter at the same time. A member of the legislature who is not a member of the Public Employees Retirement Association on the date the person becomes a member of the legislature, shall have contributions deducted from salary for all pay periods after the date the person becomes a member of the legislature. A member of the legislature may belong to the Public Employees Retirement Association for service performed other than as a member of the legislature and continue to accrue rights pursuant to this chapter and make contributions as required by section 3A.03.

#### **43A.34 RETIREMENT.**

Subdivision 1. **Mandatory retirement age.** Employees in the executive branch who are subject to the provisions of the Minnesota State Retirement System or the Teachers Retirement Association and who are serving as faculty members or administrators under a contract of unlimited terms or similar arrangement providing for unlimited tenure at an institution of higher education, as defined by United States Code, title 20, section 1141(a), as amended through December 31, 1986, must retire from employment by the state upon reaching the age of 70, except as provided in other law. Other employees in the executive branch who are subject to the provisions of the Minnesota State Retirement System or the Teachers Retirement Association, except as provided in subdivision 3 or 4, or as provided in section 354.44, subdivision 1a, are not subject to a mandatory retirement age provision.

#### **490.021 ADMINISTRATION OF JUDGES RETIREMENT PLANS.**

The Minnesota State Retirement System shall administer the judges retirement plans established by sections 490.025 to 490.12 in accordance with chapter 356A.

#### **490.025 RETIREMENT OF SUPREME COURT JUSTICES.**

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**Subdivision 1. Requisites.** When a justice of the Supreme Court, having served at least one term, arrives at the age of 70 years, or having served at least two full terms or the equivalent thereof, becomes incapacitated for the performance of official duties to the extent that the public service suffers therefrom, and makes written application to the governor for retirement, the governor, on determining that such justice has arrived at such age and has served at least one term or that such disability exists, shall direct the retirement by written order which shall effect a vacancy in the office to be filled as provided by law.

**Subd. 2. Retirement compensation; amount.** A justice retiring pursuant to subdivision 1 shall be entitled to receive the compensation allotted to the office of the justice for the remainder of the term for which the justice was elected. If a justice be retired for age or disability and, at the time of retirement, had served as a justice for two full terms or the equivalent thereof or as a justice and as a judge of the district court for 15 years, the justice shall, after qualifying for a pension be entitled to receive, for the remainder of the life of the justice, a retirement annuity equal to one-half of the compensation allotted to the office of the justice at the time of retirement or discontinuance of service plus 2-1/2 percent of the compensation allotted to the office of the justice at the time of retirement or discontinuance of service for each year, not exceeding ten, which the justice served in office in excess of two full terms, or the equivalent thereof, on the Supreme Court or in excess of 15 years as a justice of the Supreme Court and as a judge of the district court. Any retirement annuity to which a justice is entitled pursuant to this section may be deferred until the former justice attains retirement age notwithstanding the termination of service by the justice prior to attaining retirement age. The retirement annuity shall be paid by the executive director of the Minnesota State Retirement System in the same manner as other retirement annuities and benefits are paid.

**Subd. 3. Retirement age.** If a justice of the Supreme Court serves for two full terms and during this period attains the age of 70, the justice, upon the completion of this period, may apply for and be entitled to receive, for the remainder of the life of the justice, the equivalent of the retirement annuity granted to retiring justices of the Supreme Court pursuant to subdivision 2, or if a justice serves a minimum period of 12 years on the Supreme Court and attains the age of 65, the justice may, on or after terminating active service, be entitled to apply for and receive, for the remainder of the life of the justice, the equivalent of the retirement annuity payable pursuant to subdivision 2 to a retired justice whose final elective term has expired.

**Subd. 4. Age limit.** Unless at the time of this enactment a justice has already reached the age of 73, the justice shall not acquire an increase of two and one-half percent of the compensation allotted to the office in retirement pay, as provided in subdivision 2, after the justice has reached the age of 73 years.

**Subd. 5. Commissioner.** Upon retirement of a justice of the Supreme Court, the court may appoint the justice a commissioner of that court to aid and assist in the performance of such of its duties as may be assigned with the justice's consent.

**Subd. 6. Prior retirement.** Each justice and commissioner of the Supreme Court who has heretofore retired under the statutes in force at the time of retirement shall, from the date of retirement, receive retirement compensation at the rate and for the time provided in the statutes in force at the time of retirement.

### 490.101 RETIREMENT OF DISTRICT JUDGES.

**Subdivision 1. Retirement age (a)** When a judge of the district court who has served for not less than 15 years as such judge, or as such judge and as judge of a court of record, arrives at the age of 70 years and makes written application to the governor for retirement, the governor shall direct the retirement by a written order.

(b) When a judge of the district court who has served for at least 24 years as such judge, and as judge of a court of record, arrives at the age of 65 years and makes written application to the governor for retirement, the governor shall direct the retirement by a written order.

**Subd. 2. Incapacity.** If a judge of the district court becomes mentally or physically incapacitated from performing official duties and the governor has determined that the judge shall be retired on the application of either the judge or of the legally appointed guardian of the judge or if a judge is retired by the supreme court because of a disability pursuant to section 490.16, subdivision 3, the judge shall be entitled to receive a disability benefit.

If the judge has served for not less than 15 years as a judge of district court, or as a judge of district court and as a judge of a court of record, the disabled judge shall be entitled to receive the maximum retirement allowance provided by law for a judge of the district court pursuant to section 490.102. If the judge has served less than the number of years required for the maximum retirement allowance pursuant to section 490.102 but for a period of not less than six years,

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the disabled judge shall be entitled to receive a retirement allowance in an amount equal to that portion of the maximum retirement allowance pursuant to section 490.102, that the years of service as a district court judge, or as a judge of district court and as a judge of a court of record, prior to retirement for disability, bears to the number of years required for the maximum retirement allowance of a district court judge. Years of service shall be determined only on the basis of a whole year and not on the basis of any fractional service.

Subd. 3. **Vacancy.** Upon the filing of such order in the office of the secretary of state, the office of such judge shall become vacant.

Subd. 4. **Extension of term.** When the term of any judge of the district court would expire three years or less from the time when the judge would become eligible to retire under the provisions of this section and section 490.102, upon written application by such judge to the governor stating an intention to retire upon eligibility, the governor shall forthwith make a written order accepting such retirement application, and extending the term of office for three years or such proportion thereof as may be necessary for eligibility for such retirement.

**490.102 COMPENSATION ALLOWANCE.**

Subdivision 1. **Waiver.** A judge who elects to retire under the provisions of section 490.101 and who has an unexpired balance of the elected term yet to run after such retirement, shall, in order to receive the retirement compensation hereinafter outlined, waive in writing the compensation allotted to the office, from the date of such retirement to the date of the expiration of the term for which such judge was elected, and receive only during such period and thereafter retirement pay as hereinafter outlined. This subdivision shall not apply to any judge who has retired prior to April 25, 1959.

Subd. 2. **Amount.** (a) If, at the time of retirement, the judge has attained the age of at least 70 years and has served for 15 years as such judge, or as such judge and as judge of a court of record, the retiree shall receive for life, one-half the compensation allotted to the office at the time of retirement or on July 1, 1967, whichever is greater.

(b) If, at the time of retirement, the judge has attained the age of at least 65 years and has served for 24 years as such judge, or as such judge and as a judge of a court of record, the retiree shall receive for life, one-half of the compensation allotted for the office at the time of retirement or on July 1, 1967, whichever is greater.

Except for per diem payments made pursuant to section 484.62, and retirement pay adjustments pursuant to section 490.025, subdivision 2, it is unlawful for any public officer to pay a retired judge an amount greater than one-half of the compensation allotted to the office of such retired judge at the time of retirement or on July 1, 1967, whichever is greater, except when said retired judge shall have been appointed by the district court, or by the Supreme Court, to serve as a special master in litigation before the district court; in which case per diem payments may be made to said retired judge in amounts equal to per diem payments made pursuant to section 484.62. Where such payments are hereafter made in violation of this subdivision, it is the duty of the public officer making such payment to recover the amount so paid but without interest. Such recovery may be made by as many as 30 installment deductions from future retirement payments to a retired judge or by action in the district court. Unrecovered overpayments outstanding at the time of the death of a retired judge shall be a lien upon the judge's estate, in favor of the state of Minnesota.

Subd. 3. **Application for retirement.** Any judge of the district court who is serving in such capacity on April 24, 1949 and who has attained or hereafter attains, the age of 73 or more years and has completed 15 years of service, as such judge, or as such judge and as judge of a court of record, shall receive retirement pay hereunder if the judge applies for retirement within one year after becoming eligible, but not otherwise.

Any judge of the district court whose initial service as such judge began after April 24, 1949, after reaching a 70th birthday, shall apply for retirement within one year after such birthday or forfeit all retirement benefits hereunder. However, if a judge of the district court has not completed 15 years of service on attaining the age of 70 years, the judge shall receive retirement pay hereunder if the judge applies for retirement within six months of the date of completion of 15 years of service. Provided that any district judge past the age of 74 years still serving on the bench and for whom retirement has been allowed by a previous act passed by the 1959 legislature shall be permitted retirement allowance if the judge retires during the current term of office or during an extended term of three years thereafter which extension may be granted in the same manner as provided in section 490.101, subdivision 4.

Subd. 3a. **Portion of maximum retirement.** If a judge of the district court has attained the age of at least 70 years and has completed ten or more years of service as a district court judge or 15 or more years as a judge of a court of record including at least six years as a district court



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judge but less than the number of years required for maximum retirement benefits, the judge may apply for retirement and receive retirement pay of that portion of the maximum retirement allowance allotted to the office which the years of service as a district court judge, prior to retirement, bears to the number of years required for the maximum retirement allowance of a district court judge. Years of service shall be determined by the whole year rather than a fraction thereof. Any district court judge presently serving who is over 70 years of age shall forfeit any benefits under this subdivision by serving beyond the expiration of the judge's present term.

**Subd. 4. Payment of benefits.** Retirement allowances shall be paid by the executive director of the Minnesota State Retirement System in the same manner as other benefits are paid. Payments by a county, if any, shall be made in the manner prescribed by the director.

**Subd. 6. Surviving spouse.** The spouse of every judge of the district or Supreme Court who dies, in active service, shall be paid one-half of the retirement compensation to which the judge would have been entitled on the date of death, if the judge would have been otherwise eligible for retirement under the provisions of section 490.101 or under section 490.025, and had retired on that date, irrespective of whether the judge attained the age of retirement at the date of death or not and irrespective of whether the judge had served 15 years as district judge or as a judge of a court of record, and irrespective of whether the judge had previously been eligible to retire, but had not retired under the provisions of section 490.101, prior to death, provided the spouse had been married to the judge for three years prior to the judge's death. The spouse of every judge of the district court or Supreme Court who dies after retiring shall be paid one-half of the retirement compensation which the judge was receiving at the date of death.

Any judge who has heretofore retired and exercised the option previously set forth in section 490.102, shall, after July 1, 1961, be paid the full retirement compensation herein provided for, and the judge's spouse shall upon the judge's death be entitled to compensation as herein set forth.

The term "spouse" as used in this subdivision means the surviving spouse of a district or Supreme Court judge, but only if the spouse was married to the judge for a period of not less than three years immediately prior to the date of the judge's retirement or death, whichever occurs first.

If the spouse, either of a retired judge or a judge who dies in active service, who is otherwise qualified under this section, has not attained the age of 40 years at the time of the judge's death, the spouse will not become eligible for retirement compensation payments hereunder until the spouse's 40th birthday but shall receive the payments thereafter.

A spouse who is entitled to a retirement compensation under the provisions of this subdivision and subdivision 7 shall be paid the retirement compensation for the period of the spouse's life, unless the spouse remarries, in which event the retirement compensation is to cease and terminate. All judges of the district court and of the Supreme Court shall contribute four percent of their state salaries, which amount shall be deducted from their salaries at least once each month and paid to the commissioner of finance to be deposited in a special survivor retirement account. This contribution shall be for the purpose of providing the survivor benefits established by this subdivision and subdivision 7 and such amount as may be necessary to carry out this purpose is hereby appropriated from the special retirement account. It is declared to be the policy of the legislature that the survivor benefits provided for herein shall be wholly paid from contributions by the judges to the special retirement account. To implement this policy the rate of contribution by the judges shall be reviewed periodically and contributions adjusted to make this account sufficient to cover all benefits.

**Subd. 7. Pre-1961 spousal benefits.** In addition to the provisions of Minnesota Statutes 1961, section 490.102, subdivisions 1 to 6, inclusive, and notwithstanding the limitations thereof, the surviving spouse of every judge of the district or Supreme Court who died in active service prior to May 19, 1961, who had been married to the judge for five years prior to the judge's death and who has now attained the age of 49 years, shall be paid during the spouse's life one-half of the retirement compensation to which the judge would have been entitled, if the judge had been retired as of date of death. For the purposes of this subdivision, the judge shall be deemed to have been entitled to full retirement and to have retired as of the day of death. If retirement of a district judge from active service was by executive order prior to enactment of Laws 1949, chapter 640, the judge's unremarried surviving spouse who would otherwise qualify under this section will receive one-half of the compensation the judge would have received if the judge's retirement occurred in 1949 after enactment of that law and the judge was eligible for compensation thereunder.

**Subd. 8. Special survivor retirement account.** On June 30 of each year, the executive director of the Minnesota State Retirement System shall review the fiscal condition of the special survivor retirement account in the light of the prospective demands for payment therefrom in the next fiscal year. If the director determines that the balance in such account on June 30 plus the prospective receipts in the next fiscal year appear to be insufficient to meet the demands on

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such account during the next fiscal year, the director on July 1 of each year shall make an order increasing the rate of contribution to such account by the several judges of the district court from four percent of salary to such rate of contribution as will, in the judgment of the director, provide sufficient funds in said special survivor benefit account to pay all demand thereon during the next fiscal year. If on any following June 30, the director should determine that a lower rate of contribution will provide sufficient moneys to pay all demands on such special survivor benefit account, the director may on the next July 1, make and file an order reducing the rate of contribution to such rate as will in the director's judgment provide sufficient moneys to meet all demands on such special account in the current fiscal year but in no event lower than four percent. Deductions of contributions shall be made in accordance with rates prescribed by law or by order of the director, as the case may be.

**490.103 PRIOR RETIREMENT.**

A judge of the district court who has heretofore retired as provided by law shall hereafter receive one-half of the compensation allotted to the office from which the judge retired.

**490.105 RETIREMENT COMPENSATION, CERTAIN DISTRICT AND SUPREME COURT JUDGES.**

The pension of a judge of the district or Supreme Court who retires before June 3, 1967, or of the surviving spouse of a judge of the district or Supreme Court who dies before June 3, 1967, shall remain in the same amount as was payable prior to June 3, 1967.

**490.106 AGREEMENT TO ACCEPT BENEFITS, EFFECT.**

(1) Upon submission of an agreement to the director of the Minnesota State Retirement System prior to July 1, 1975, signed by a retired district or Supreme Court judge whereby the retired judge who is entitled to receive benefits computed under laws in effect on or prior to December 31, 1973 shall agree to accept as of July 1, 1975, and thereafter, a benefit based on the salary allotted the retired judge's former office at the salary level in effect on January 1, 1975, and in the same proportion of the salary as the proportion to which the retired judge was entitled upon retirement; the state shall agree to accept the liability for payment of the retirement benefit for the life of the retired judge and upon the death of the retired judge the payment of the benefit of the surviving spouse, if any and provided spouse is otherwise entitled thereto, with adjustments in the benefit amount only as may be provided under the provisions of the Minnesota postretirement investment fund after January 1, 1976, and to pay to the judge any accrued benefits due to the retired judge as a result of the nonpayment of benefits since January 1, 1975, or as a result of any deficiency in benefits paid to the retired judge from and after November 1971.

Upon receipt of agreements, for each retired judge who signed an agreement, the director shall make the appropriate transfer of funds to the judges' retirement fund from the assets, if any, in the account for payment of retirement benefits to the retired district or Supreme Court judges. The benefit shall be paid from the judges' retirement fund and shall be adjusted in the same manner at the same time as other benefits payable from the Minnesota postretirement investment fund to state employees.

(2) Upon submission of agreements to the director of the Minnesota State Retirement System by each district court judge who elected to continue contributions to the survivors' account as provided by section 490.124, subdivision 10, wherein each judge shall agree to accept at time of retirement and for life a benefit based on a salary not greater than the salary allotted to the office of the judge at the date of retirement and agreements signed by surviving spouses of deceased district and Supreme Court judges who served as a judge between May 1961 and July 1967 wherein each surviving spouse shall agree to accept as of July 1, 1975, and thereafter, a benefit based on the salary of the deceased judge's former office at the salary level in effect on January 1, 1975; the contributions to the survivors' account made by the district court judges. Notwithstanding the provisions of section 490.102, subdivision 8, shall not be required and upon retirement of the judge, the benefit and in the event of the death of the judge, the surviving spouse's benefit, if any and provided the spouse is otherwise entitled thereto, shall be paid from the judges' retirement fund and benefits shall be adjusted at the same time and in the same manner as the benefits payable from the Minnesota postretirement investment fund to state employees; the liability for payment of the benefits payable on July 1, 1975, from the special supreme and district court survivors' account shall be transferred to the judges retirement fund and benefits shall be adjusted in the same manner at the same time as benefits payable from the Minnesota

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postretirement investment fund; and the director shall pay to each surviving spouse any deficiency in the amount of the benefit due the spouse since November, 1971.

Upon receipt of the agreements provided in clause 2 the director shall commence payment from the judges' retirement fund of the benefits payable as of July 1, 1975, from the special district and Supreme Court survivor's account. If agreements are not submitted, the contribution rate to the survivors' account shall be as required by section 490.102, subdivision 8, and the surviving spouse benefits shall not be payable from the judges' retirement fund.

District and Supreme Court judges not referenced in this subdivision may, prior to their retirement, submit comparable agreements to the director and thus be afforded the same benefits. The contributions to the survivors' account by any Supreme Court judge who makes an agreement shall not be waived but shall be thereafter paid to the judges' retirement fund.

(3) Notwithstanding any law to the contrary, except as provided by this section, the reserve to pay a retirement benefit of a judge who served as a district or Supreme Court judge prior to July 1, 1967, and who elected or elects to have the retirement benefit computed under laws in effect on December 31, 1973, shall not remain or be transferred to nor shall the benefit be payable from the postretirement investment fund.

#### **490.107 RETIREMENT BENEFITS; INCREASE AND PAYMENT.**

(1) Effective July 1, 1978, all retirement and disability benefits payable pursuant to sections 490.11, 490.12, subdivisions 1 and 2, and 9, commencing with the monthly benefit payment accruing on and after July 1, 1978 shall be paid by the judges retirement fund.

(2) The county auditors of the counties which on March 30, 1978 are liable for the payment of retirement benefits pursuant to section 490.12, subdivision 2 or 9, or Minnesota Statutes 1978, section 487.06, shall certify to the executive director of the Minnesota State Retirement System the amount of the monthly benefit that the former judge of that county is entitled to receive and, annually on each June 30 shall pay to the Minnesota State Retirement System for deposit in the judges retirement fund an amount equal to the annual retirement benefit due to each retired judge for the following fiscal year plus \$25 for administrative expense. In the event of the death of the retired judge, the director shall refund to the county from the judges retirement fund the amount of any unexpended balance of the moneys the county had paid.

(3) All payments made pursuant to sections 490.11 and 490.12, subdivision 1, after January 1, 1978, shall be made by the state regardless of the date on which the payments commenced or commence.

(4) All retirement and disability benefits to which this section applies shall be payable from the judges retirement fund and shall thereafter be adjusted in the same manner and at the same time as other benefits payable from the Minnesota postretirement investment fund. The benefit level in effect on July 1, 1978, including any increase pursuant to this clause, shall be the base for any future adjustments made pursuant to section 11A.18.

#### **490.108 TRANSFER OF THE COUNTY AND PROBATE COURT JUDGES SURVIVORS' ACCOUNT TO THE JUDGES RETIREMENT FUND.**

As of June 1, 1979 the liability for the payment of any retirement benefits to the surviving spouses of deceased county and probate court judges payable and the liability for the retirement benefit coverage provided from and after June 1, 1979 to the spouses of county and probate court judges pursuant to Minnesota Statutes 1978, section 490.12, subdivision 7 shall be transferred from the county and probate court judges survivors' account established pursuant to Minnesota Statutes 1978, section 490.12, subdivisions 7 and 8 to the judges retirement fund established pursuant to Minnesota Statutes, sections 490.121 to 490.132. On June 1, 1979 the executive director of the Minnesota State Retirement System shall transfer the entire assets, including all accounts payable, of the county and probate court judges survivors' account to the judges retirement fund. Any accounts payable on June 1, 1979 shall also be transferred to the judges retirement fund. The judges retirement fund shall be the successor in interest to all claims for and against the county and probate court judges survivors' account. Upon the transfer of the assets of the county and probate court judges survivors' account to the judges retirement fund, the county and probate court judges survivors' account shall cease to exist as a legal entity.

#### **490.109 SURVIVOR BENEFIT CONTRIBUTION BY JUDGES.**

From and after June 1, 1979, each judge who is required on June 1, 1979 to make a contribution pursuant to Minnesota Statutes 1978, section 490.12, subdivision 8 shall continue to be obligated to make an employee contribution for purposes of financing retirement benefits

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for the prospective surviving spouse of the judge. The employee contribution shall be at the rate of four percent of the salary of the judge and shall be made by salary deduction periodically by the employer. All amounts received under this section shall be paid to the executive director of the Minnesota State Retirement System and shall be deposited to the credit of the judges retirement fund.

**490.1091 SURVIVOR BENEFITS; AMOUNT.**

The amount of the retirement benefit which shall be payable after June 1, 1979 to each surviving spouse of a deceased county or probate court judge receiving a retirement benefit from the county and probate court judges survivors' account on June 1, 1979 and to each surviving spouse of a county or probate court judge who has made contributions to the county and probate court judges survivors' account pursuant to Minnesota Statutes 1978, section 490.12, subdivision 8 and dies after June 1, 1979 shall be calculated pursuant to Minnesota Statutes 1978, section 490.12, subdivision 7.

**490.12 HALF PAY.**

Subdivision 1. **Retirement under section 490.11.** When a probate judge shall be retired under the provisions of section 490.11, the judge shall receive the compensation allotted to the office for the remainder of the judge's term. Thereafter, if then past 65 years of age, having served as such judge, or as such judge and as judge of a court of record, or as such judge and a referee in probate, for 24 years, or more, the judge shall receive one-half of the compensation allotted to the office at the time of such retirement for life, to be paid at the time and in the manner provided by law.

Subd. 2. **Voluntary retirement.** When a probate judge has attained the age of 70 years or more and has served as such judge, or as such judge and as judge of a court of record, or as such judge and as referee in probate, for 20 years or more, or when a probate judge has attained the age of 65 years or more and has served as such judge or as such judge and as judge of a court of record or as such judge and as referee in probate for 24 years or more, the judge may voluntarily retire from office, and after retiring shall receive one-half of the compensation allotted to the office at the time of such retirement for life, to be paid at the time and in the manner provided by law for the payment of salaries of probate judges.

Subd. 3. **Service not continuous.** In computing the period of service of any probate judge for retirement purposes the judge shall receive credit for all periods of time served in the armed forces of the United States during any period when the United States was at war and for any period served in the Minnesota National Guard when the same had been mustered into federal service and was engaged in the Mexican Border Service between May 9, 1916, and March 24, 1917. Such period of service as a probate judge need not be continuous. The service of any judge in World War I and in the Mexican Border Service shall be deemed service hereunder, even though such service may have been prior to the commencement of any service as probate judge.

Subd. 4. **Limitations.** In no event shall the total retirement pension to a probate judge exceed the retirement pension provided by law for district judges of the county in which the probate judge held office.

Subd. 5. **Membership in other retirement pension funds.** The probate judges retirement pension as provided herein shall be reduced by the full amount of any retirement pension other than is herein provided received by a probate judge from the state, any political subdivision, or public employees retirement association, until the total reduction equals the amount of such other pension, if any, received prior to retirement as a probate judge plus the amount of the contribution, if any, made by the state or any political subdivision to fund any such other pension pursuant to section 353.27, subdivisions 3 and 3a, in connection with service as probate judge or in any other capacity. The amount of each reduction shall be remitted by the county to each such contributing employer in proportion to its total contribution pursuant to section 353.27, subdivisions 3 and 3a. In the event the probate judge withdraws from any retirement pension fund other than as herein provided prior to retirement as a probate judge, the amount contributed by the state or any political subdivision shall be computed and deducted from the probate judge's retirement over a five-year period commencing upon the date of such judge's retirement.

Subd. 6. **Extension of term of judge near retirement.** When the term of any judge of the probate court would expire three years or less from the time when the judge would become eligible to retire under the provisions of this section, upon written application by such judge to the governor stating an intention to retire upon eligibility, the governor shall forthwith make a written

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order accepting such retirement application, and extending the judge's term of office for three years or such proportion thereof as may be necessary for eligibility for such retirement.

**Subd. 9. Retirement coverage for certain probate court judges.** A probate judge who has served as a probate judge, or as a probate judge and a judge of a court of record or a referee in probate, and who is not elected, is not appointed or does not seek election as a county court judge, who serves in a county which has been combined with another county to form a county court district, and who has served for a period of at least ten years shall, upon retirement after attaining the age of 65 years, be entitled to receive a retirement allowance. The retirement allowance shall be equal to one-half of the compensation allotted to the office of the probate judge for the year 1970 if the retiring probate judge has credit for at least 24 years of service and that amount reduced by 1/24 of the amount for each year which the retiring probate judge has credit for less than 24 years of service if the retiring probate judge does not have credit for at least 24 years of service.

A probate judge who has attained the age of at least 65 years but less than 70 years at the expiration of the term of office of the judge, or who has attained the age of at least 70 years at or prior to the expiration of the term of office of the judge, and who has served for a period of at least ten years shall upon retirement be entitled to receive a retirement allowance. The retirement allowance shall be equal to one-half of the compensation allotted to the office of the probate judge for the year 1970 plus the salary increase granted pursuant to Extra Session Laws 1971, chapter 32, section 26, if the retiring probate judge has attained the age of at least 65 years but less than 70 years and has credit for at least 24 years of service or if the retiring probate judge has attained the age of at least 70 years and has credit for at least 20 years of service, and that amount reduced by 1/24 of the amount for each year of service less than 24 years of service if the retiring probate judge has attained the age of at least 65 years but less than 70 years and does not have credit for at least 24 years of service or by 1/20 of the amount for each year of service less than 20 years of service if the retiring probate judge has attained the age of at least 70 years and does not have credit for at least 20 years of service.

The retirement allowance shall be payable for the life of the retired probate judge.

A probate judge to whom this subdivision is applicable may continue survivor benefit coverage for the spouse of the probate judge pursuant to section 490.1091 by making the survivor benefit contribution pursuant to section 490.109, based on the salary allotted to the office of the probate judge for the year 1970. The provisions of this section and section 490.11 shall apply to judges of county court and to probate judges who have become judicial officers and who have met the minimum eligibility requirements for coverage specified in those sections.

Any judge whose office is terminated pursuant to section 487.01, subdivision 7, shall be eligible for a retirement allowance pursuant to the provisions of this section.

#### **490.121 DEFINITIONS.**

**Subd. 2. Court.** "Court" means any court of this state established by the Minnesota Constitution and any municipal, county or probate court of record, and shall include the Conciliation Court of the city of Duluth.

**Subd. 3. Judge.** "Judge" means a judge or justice of any court.

**Subd. 5. Judges' retirement fund.** "Judges' retirement fund", "retirement fund" or "fund" means that fund created by section 490.123.

**Subd. 8. Normal retirement date.** "Normal retirement date" means the last day of the month in which a judge attains the age of 65.

**Subd. 9. Normal retirement annuity.** Except as otherwise provided by sections 490.121 to 490.132, "normal retirement annuity" means an annuity to which a judge is entitled under section 490.124, subdivision 1, upon retirement on or after normal retirement date.

**Subd. 10. Early retirement date.** "Early retirement date" means the last day of any month after a judge attains the age of 60 until the normal retirement date.

**Subd. 11. Early retirement annuity.** "Early retirement annuity" means an annuity to which a judge is entitled under section 490.124, subdivisions 1 and 3 upon retirement at any early retirement date.

**Subd. 12. Mandatory retirement date.** "Mandatory retirement date" means the last day of the month in which a judge has attained 70 years of age.

**Subd. 16. Surviving spouse.** "Surviving spouse" means the surviving husband or wife of a deceased judge.

**Subd. 17. Dependent child.** "Dependent child" means any natural or adopted child of a deceased judge who has not reached the age of 18 years, or having reached the age of 18, is under age 22 and is a full time student throughout the normal school year, unmarried and actually dependent for more than one-half of the child's support upon such judge for a period of

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at least 90 days prior to the judge's death. It also includes any natural child of the judge born after the judge's death.

Subd. 18. **Survivor's annuity.** "Survivor's annuity" means an annuity to which a surviving spouse or dependent child is entitled under section 490.124, subdivision 9.

Subd. 19. **Approved actuary.** "Approved actuary" means any actuary who is either a fellow of the Society of Actuaries or who has at least 15 years of service to major public employee funds or any firm retaining such an actuary on its staff.

Subd. 20. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the board of directors of the Minnesota State Retirement System based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

#### **490.124 MATURITY OF BENEFITS; RETIREMENT AND SURVIVORS' ANNUITIES.**

Subd. 6. **Part-time judges.** Notwithstanding other provisions of this section, except as provided herein, service by a judge who was not paid an annual salary or who served in a jurisdiction in which the judge was entitled to practice law while serving as a judge shall be credited only at one-half of the regular rate. Any period of part time uncredited judicial service may be credited service for the purposes of sections 490.121 to 490.132 only if:

(a) The judge or the judge's employer pays to the judges' retirement fund a sum equal to the rate of employee tax specified in the Federal Insurance Contributions Act during the period of part time service applied to one-half of the average salary earned during the period of part-time service, plus accrued interest thereon at the rate of five percent per year compounded annually from the period of service so credited to the date payment is made;

(b) The payment is made in not more than 36 monthly installments; and

(c) The judge shall elect to make the payment and shall commence doing so within 90 days after the commencement of the judge's first term in office.

#### **490.132 COVERAGE FOR CERTAIN SUPREME COURT JUSTICES.**

A judge of the Supreme Court who holds office on or prior to January 1, 1974, shall be covered by the applicable provisions of sections 490.025 to 490.106, shall continue to receive all the benefits thereunder and shall not be covered by the provisions of sections 490.121 to 490.132 unless the judge had elected, in writing, to be covered by the provisions of sections 490.121 to 490.132 by notifying the director of the state retirement system by January 1, 1974.

#### **490.15 ESTABLISHMENT; COMPOSITION.**

Subdivision 1. **Board created; composition.** The Board on Judicial Standards is established and consists of one judge of the Court of Appeals, three trial court judges, two lawyers who have practiced law in the state for ten years and four citizens who are not judges, retired judges, or lawyers. The executive secretary is appointed by the governor. Commencing July 1, 1980, the board shall appoint the executive secretary. All members shall be appointed by the governor with the advice and consent of the senate except that senate confirmation shall not be required for the judicial members. No member shall serve more than two full four-year terms or their equivalent. Membership terminates if a member ceases to hold the position that qualified the member for appointment.

Subd. 2. **Section 15.0575 applies.** The membership terms, compensation, removal of members, and filling of vacancies on the board shall be as provided in section 15.0575.

Subd. 3. **Salary of executive secretary.** The salary of the executive secretary of the board shall be 85 percent of the maximum salary provided for an administrative law judge under section 15A.083, subdivision 6a.

#### **490.16 POWERS.**

Subdivision 1. **Felony charge.** A judge is disqualified from acting as a judge, without loss of salary, while there is pending an indictment or any information charging the judge with a crime punishable as a felony under Minnesota or federal law, or a recommendation to the Supreme Court by the Board on Judicial Standards for the judge's removal or retirement.

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Subd. 2. **Suspension.** On recommendation of the Board on Judicial Standards or on its own motion, the Supreme Court may suspend a judge from office without salary when the judge pleads guilty or no contest or is found guilty of a crime punishable as a felony under Minnesota or federal law or any other crime that involves moral turpitude. If the conviction is reversed, suspension terminates and the judge shall be paid a salary for the period of suspension. If the judge is suspended and the conviction becomes final, the Supreme Court shall remove the judge from office.

Subd. 3. **Disability retirement.** On recommendation of the Board on Judicial Standards, the Supreme Court may retire a judge for disability that seriously interferes with the performance of duties and is or is likely to become permanent, and censure or remove a judge for action or inaction that may constitute persistent failure to perform duties, incompetence in performing duties, habitual intemperance or conduct prejudicial to the administration of justice that brings the judicial office into disrepute.

The board is specifically empowered to reopen any matter wherein any information or evidence was previously precluded by a statute of limitations or by a previously existing provision of time limitation.

Subd. 4. **Effect of retirement by Supreme Court.** A judge retired by the Supreme Court shall be considered to have retired voluntarily. A judge removed by the Supreme Court is ineligible for judicial office and the question of the removed judge's right to practice law in this state shall be referred to the proper authority for review.

Subd. 5. **Rules.** The Supreme Court shall make rules to implement this section.

Subd. 6. **Other retirement benefits.** This section and section 490.15, shall not affect the right of a judge who is suspended, retired or removed hereunder from qualifying for any pension or other retirement benefits to which the judge would otherwise be entitled by law.

#### **490.18 PERSONS AFFECTED.**

The provisions of sections 490.15 and 490.16 apply to all judges, judicial officers, and referees.

1.1 A bill for an act  
 1.2 relating to retirement; Teachers Retirement Association; authorizing the  
 1.3 acquisition of service credit for the Red Wing public school strike.

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

1.5 Section 1. **RED WING PUBLIC SCHOOL STRIKE; SERVICE CREDIT**  
 1.6 **PURCHASE AUTHORIZATION.**

1.7 Notwithstanding any provision of Minnesota Statutes, section 356.195, to the  
 1.8 contrary, a teacher who was employed by Independent School District No. 256 (Red  
 1.9 Wing) and participated in the strike in 2002 and retired before July 26, 2005, is authorized  
 1.10 to purchase service credit from the Teachers Retirement Association for that strike period  
 1.11 under Minnesota Statutes, section 356.195, subdivision 2, paragraph (c). The service credit  
 1.12 must be purchased before July 1, 2007. If a retired Red Wing teacher purchases service  
 1.13 credit under this section, the person's retirement annuity must be recalculated in light of  
 1.14 the additional service credit consistent with any optional annuity form originally selected.

1.15 Sec. 2. **EFFECTIVE DATE.**

1.16 (a) Section 1 is effective of the day following final enactment.

1.17 (b) Section 1 expires on July 1, 2007.



1.1 Senator ..... moves to amend S.F. No. 2239, the first engrossment, as  
1.2 follows:

1.3 Page 54, after line 3, insert:

1.4 "Section 1. Minnesota Statutes 2004, section 69.77, subdivision 9, is amended to  
1.5 read:

1.6 **Subd. 9. Local police and paid fire relief association investment authority.**

1.7 (a) The funds of the association must be invested in securities that are authorized  
1.8 investments under section 356A.06, subdivision 6 or 7, whichever applies. ~~Up to 75~~  
1.9 ~~percent of the market value of the assets of~~ Notwithstanding any provision of section  
1.10 356A.06, subdivision 6 or 7 to the contrary, the special fund of the relief association  
1.11 may be additionally invested in:

1.12 (1) open-end investment companies registered under the federal Investment  
1.13 Company Act of 1940, if the portfolio investments of the investment companies comply  
1.14 with the type of securities authorized for investment under section 356A.06, subdivision  
1.15 7, up to 75 percent of the market value of the assets of the fund; and

1.16 (2) domestic government and corporate debt obligations that are not rated in the top  
1.17 four quality categories by a nationally recognized rating agency, and comparable unrated  
1.18 securities if the percentage of these assets does not exceed five percent of the total assets  
1.19 of the special fund or 15 percent of the special fund's non-equity assets, whichever is less,  
1.20 the special fund's participation is limited to 50 percent of a single offering of the debt  
1.21 obligations, and the special fund's participation is limited to 25 percent of an issuer's debt  
1.22 obligations that are not rated in the top four quality categories. Securities held by the  
1.23 association before June 2, 1989, that do not meet the requirements of this subdivision may  
1.24 be retained after that date if they were proper investments for the association on that date.

(b) The governing board of the association may select and appoint investment  
1.26 agencies to act for and in its behalf or may certify special fund assets for investment by the  
1.27 State Board of Investment under section 11A.17. The governing board of the association

2.1 may certify general fund assets of the relief association for investment by the State Board  
 2.2 of Investment in fixed income pools or in a separately managed account at the discretion  
 2.3 of the State Board of Investment as provided in section 11A.14. The governing board of  
 2.4 the association may select and appoint a qualified private firm to measure management  
 2.5 performance and return on investment, and the firm shall use the formula or formulas  
 2.6 developed by the state board under section 11A.04, clause (11)."

2.7 Page 54, line 6, after "of" insert ":

2.8 (1)"

2.9 Page 54, line 8, before the period, insert " and

2.10 (2) domestic government and corporate debt obligations that are not rated in the top  
 2.11 four quality categories by a nationally recognized rating agency, and comparable unrated  
 2.12 securities if the percentage of these assets does not exceed five percent of the total assets  
 2.13 of the pension plan or ten percent of the pension plan's non-equity assets, whichever is  
 2.14 less, the pension plan's participation is limited to 50 percent of a single offering of the  
 2.15 debt obligations, and the pension plan's participation is limited to 25 percent of an issuer's  
 2.16 debt obligations that are not rated in the top four quality categories"

2.17 Renumber the sections in sequence and correct the internal references

2.18 Amend the title accordingly

1.1 Senator ..... moves to amend S.F. No. 2239, the first engrossment, as  
1.2 follows:

1.3 Page ..., after line ..., insert:

1.4 "Sec. .... CERTAIN NORTH ST. PAUL CITY ELECTED OFFICIALS;  
1.5 SERVICE CREDIT PURCHASES.

1.6 (a) An eligible person described in paragraph (b) is entitled, upon making written  
1.7 application, to purchase service credit in the coordinated program of the general employees  
1.8 retirement plan of the Public Employees Retirement Association under paragraph (c) and  
1.9 to have future retirement coverage by the coordinated program of the general employees  
1.10 retirement plan of the Public Employees Retirement Association for future North St.  
1.11 Paul city elected official service.

1.12 (b) An eligible person is an elected official who has been serving the city of North  
1.13 St. Paul since January 1, 2001, who was not informed of the option to be a member of the  
1.14 coordinated program of the general employees retirement plan of the Public Employees  
1.15 Retirement Association on January 1, 2001, when the minimum salary eligibility  
1.16 requirement for membership was first met, who was in elected office on June 30, 2002,  
1.17 when the coordinated program of the general employees retirement plan of the Public  
1.18 Employees Retirement Association was closed to membership by elected officials, and  
1.19 who was born on January 29, 1932, March 1, 1951, or December 7, 1951.

1.20 (c) The purchase payment amount for the prior service credit purchase must be  
1.21 calculated under Minnesota Statutes, section 356.551. The eligible person must pay an  
1.22 amount equal to the employee contributions to the general employees retirement plan of  
1.23 the Public Employees Retirement Association that the person would have made from  
1.24 january 1, 2001, to the date of the purchase, plus annual compound interest at the rate of  
1.25 8.5 percent from the date on which payment should have been made if a membership  
1.26 election option had been exercised in 2001 to the date of actual payment. If the eligible  
1.27 person makes the required employee contribution equivalent payment, the executive

2.1 director of the Public Employees Retirement Association shall notify the city of North  
2.2 St. Paul of the balance of the prior service credit purchase payment amount under  
2.3 Minnesota Statutes, section 356.551. The city of North St. Paul shall pay the certified  
2.4 payment amount to the Public Employees Retirement Association within 60 days of the  
2.5 certification, plus interest at the rate of 0.71 percent per month, compounded monthly,  
2.6 from the date of the employee contribution equivalent payment until the date on which the  
2.7 balance of the total purchase payment is paid.

2.8 (d) This section expires on January 1, 2007."

2.9 Renumber the sections in sequence and correct the internal references

2.10 Amend the title accordingly

1.1 ..... moves to amend S.F. No. 2239, the first engrossment, as follows:

1.2 Page 45, line 22, after "(2)" insert "Clearwater County Memorial Hospital, doing  
1.3 business as Clearwater Health Services in Bagley;

1.4 (3)"

1.5 Page 45, line 23, delete "(3)" and insert "(4)"

1.6 Page 45, line 24, delete "(4)" and insert "(5)"

1.7 Page 45, line 25, delete "(5)" and insert "(6)"

1.8 Page 45, line 26, delete "(6)" and insert "(7)"

1.9 Page 45, line 27, delete "(7)" and insert "(8)"

1.10 Page 45, line 28, delete "(8)" and insert "(9)"

1.11 Page 45, line 29, delete "(9)" and insert "(10)"

1.12 Page 45, line 30, delete "(10)" and insert "(11)"

1.13 Page 45, line 31, delete "(11)" and insert "(12)"

1.14 Page 45, line 32, delete "(12)" and insert "(13)"

1.15 Page 45, line 33, delete "(13)" and insert "(14)"

1.16 Page 46, after line 32, insert:

1.17 "(b) Section 2, with respect to Clearwater County Memorial Hospital, doing business  
1.18 as Clearwater Health Services in Bagley, is effective upon the latter of:

1.19 (1) the day after the governing body of Clearwater county and its chief clerical  
1.20 officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2  
1.21 and 3; and

1.22 (2) the first day of the month following certification to Clearwater county by the  
1.23 executive director of the Public Employees Retirement Association that the actuarial  
1.24 accrued liability of the special benefit coverage proposed for extension to the privatized

2.1 Clearwater Health Services employees under section 1 does not exceed the actuarial gain  
2.2 otherwise to be accrued by the Public Employees Retirement Association, as calculated by  
2.3 the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of  
2.4 the actuarial calculations must be borne by the current employer or by the entity which is  
2.5 the employer following the privatization."

2.6 Page 46, line 33, delete "(b)" and insert "(c)"

2.7 Page 47, line 7, delete "1" and insert "2"

2.8 Page 47, line 12, delete "(c)" and insert "(d)"

2.9 Renumber the sections in sequence and correct the internal references

2.10 Amend the title accordingly

# P r e l i m i n a r y

## Consolidated Fiscal Note – 2005-06 Session

Bill #: S2239-1A Complete Date:

Chief Author: POGEMILLER, LAWRENCE

Title: OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agencies:** Minnesota State Retirement Sys (03/14/06)  
 Historical Society (03/10/06)  
 University Of Minnesota  
 Metropolitan Council (03/14/06)  
 Investment Board (03/08/06)

State Auditor (03/09/06)  
 Finance Dept (03/09/06)  
 Public Employees Retirement (03/06/06)  
 Legislature  
 Employee Relations

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Net Expenditures</b>					
General Fund		378	0	2,884	5,608
Historical Society				26	52
Legislature				7	14
Finance Dept		378			
Employee Relations		0	0	2,764	5,364
Metropolitan Council				87	178
Metropolitan Area Transit Fund				110	227
Metropolitan Council				110	227
All Other Fund		0	0	2,890	5,771
Employee Relations		0	0	2,890	5,771
<b>Revenues</b>					
General Fund		0	0	0	0
Employee Relations		0	0	0	0
Correctional Employees Retir Fund				2,422	4,540
Minnesota State Retirement Sys				2,422	4,540
State Employees Retirement Fund			0	9,761	19,522
Minnesota State Retirement Sys			0	9,761	19,522
Highway Patrol Retirement Fund				882	1,765
Minnesota State Retirement Sys				882	1,765
All Other Fund		0	0	0	0
Employee Relations		0	0	0	0
<b>Net Cost &lt;Savings&gt;</b>					
General Fund		378	0	2,884	5,608
Historical Society				26	52
Legislature				7	14
Finance Dept		378			
Employee Relations		0	0	2,764	5,364
Metropolitan Council				87	178
Metropolitan Area Transit Fund				110	227
Metropolitan Council				110	227
Correctional Employees Retir Fund				(2,422)	(4,540)
Minnesota State Retirement Sys				(2,422)	(4,540)
State Employees Retirement Fund			0	(9,761)	(19,522)
Minnesota State Retirement Sys			0	(9,761)	(19,522)
Highway Patrol Retirement Fund				(882)	(1,765)
Minnesota State Retirement Sys				(882)	(1,765)
All Other Fund		0	0	2,890	5,771
Employee Relations		0	0	2,890	5,771
<b>Total Cost &lt;Savings&gt; to the State</b>		378	0	(7,181)	(14,221)

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
General Fund		0.00	0.00	0.00	0.00
Employee Relations		0.00	0.00	0.00	0.00
All Other Fund		0.00	0.00	0.00	0.00
Employee Relations		0.00	0.00	0.00	0.00

# Preliminary

Total FTE					
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# Preliminary

## Fiscal Note – 2005-06 Session

Bill #: S2239-1A Complete Date: 03/14/06

Chief Author: POGEMILLER, LAWRENCE

Title: OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Minnesota State Retirement Sys

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
Correctional Employees Retir Fund				2,422	4,540
State Employees Retirement Fund			0	9,761	19,522
Highway Patrol Retirement Fund				882	1,765
<b>Net Cost &lt;Savings&gt;</b>					
Correctional Employees Retir Fund				(2,422)	(4,540)
State Employees Retirement Fund			0	(9,761)	(19,522)
Highway Patrol Retirement Fund				(882)	(1,765)
<b>Total Cost &lt;Savings&gt; to the State</b>			0	(13,065)	(25,827)

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

## Bill Description

This bill contains several small provisions affecting MSRS. The most significant fiscal impact is employee and employer contribution rate increases for the MSRS General, Correctional, and State Patrol Plans to be effective July 1, 2007 and increase incrementally over three years for the State Patrol Plan and over four years for the other plans.

The other provisions related to MSRS plans in the bill have no cost or negligible cost to MSRS retirement plans.

## Assumptions

The expected revenues were based on the total salary reported to MSRS FY05 year end.

The General Employees Retirement Plan estimate includes all participants from the State, MNSCU, U of M and Metropolitan Council.

This estimate does not include any inflation or salary adjustments.

## Expenditure and/or Revenue Formula

The revenue estimates for MSRS include both employee and employer contribution amounts.

The General Sate (GERP) employee and employer contribution increases from 4% to 5% over four years.

The Correctional (CORR) employee contributions increases from 5.69% to 8.6% and employer contributions increase from 7.98% to 12.1% over four years.

The State Patrol (HIWAY) employee contribution rate increases from 8.4% to 10.1% and the employer contributions increase from 12.6% to 15.6% over three years.

All rate increases will begin implementation in FY08.

GERP Salary		FY08	FY09	FY10	FY11
\$1,952,265,866		(thousands)			
	<b>Cumulative Increase</b>	<b>.25%</b>	<b>.50%</b>	<b>.75%</b>	<b>1.0%</b>
	ER	\$4,880	\$9,761	\$14,641	\$19,522
	EE	\$4,880	\$9,761	\$14,641	\$19,522
	<b>TOTAL</b>	<b>\$9,761</b>	<b>\$19,522</b>	<b>\$29,283</b>	<b>\$39,045</b>
<b>HIWAY Salary</b>	<b>Cumulative Increase</b>	<b>1.0%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>3.0%</b>
\$51,930,889	ER	\$519	\$1,038	\$1,557	\$1,557
	EE	.7%	1.4%	2.0%	2.0%
	EE	\$363	\$727	\$1,038	\$1,038
	<b>TOTAL</b>	<b>\$882</b>	<b>\$1,765</b>	<b>\$2,596</b>	<b>\$2,596</b>
<b>CORR Salary</b>	<b>Cumulative Increase</b>	<b>1.12%</b>	<b>2.12%</b>	<b>3.12%</b>	<b>4.12%</b>
\$132,368,527	ER	\$1,482	\$2,806	\$4,129	\$5,453
	EE	.71%	1.31%	2.01%	2.91%
	EE	\$939	\$1,734	\$2,660	\$3,851
	<b>TOTAL</b>	<b>\$2,422</b>	<b>\$4,540</b>	<b>\$6,790</b>	<b>\$9,305</b>

FN Coord Signature: ERIN LEONARD  
Date: 03/14/06 Phone: 284-7848

## EBO Comments

# Preliminary

The MSRS revenue estimates include both employer and employee contribution increases. Some of the costs for the employer contribution increase for MSRS General Plan are included in the Employee Relations section of the fiscal note. The University of Minnesota, the Historical Society, the Legislature, and the Metropolitan Council all have some staff in MSRS General Plan who are not included in the Employee Relations estimates. The costs for these agencies are included separately.

EBO Signature: LISA MUELLER  
Date: 03/14/06 Phone: 296-6661

# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:**

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State		
Local		
Fee/Departmental Earnings		
Tax Revenue		

**Agency Name:** University Of Minnesota

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:** 03/10/06

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Historical Society

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund				26	52
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund				26	52
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund				26	52
<b>Total Cost &lt;Savings&gt; to the State</b>				26	52

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

## **Bill Description**

Senate File 2239 increases employer and employee contributions for retirements from 4.0% to 5.0% by .25% in each year in fiscal years 2008, 2009, 2010, 2011

Article 3, Section 34 covers the Society's employees who contribute to an IRAB plan and Article 1, Sections 1 and 2 covers the Society's employees who contribute through the MSRS General Plan.

## **Assumptions**

For the purposes of this note, payroll levels are assumed to remain constant.

## **Expenditure and/or Revenue Formula**

## **Long-Term Fiscal Considerations**

## **Local Government Costs**

## **References/Sources**

FN Coord Signature: DAVID KELLIHER  
Date: 03/10/06 Phone: 297-8085

## **EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT  
Date: 03/10/06 Phone: 296-7642

# Preliminary

Fiscal Note - 2005-06 Session

Bill #: S2239-1A Complete Date:

Chief Author: POGEMILLER, LAWRENCE

Title: OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Legislature

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund				7	14
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund				7	14
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund				7	14
<b>Total Cost &lt;Savings&gt; to the State</b>				7	14

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

## **Bill Description**

SF2239-1A is an Omnibus Pension Bill. Articles 1 and 11 affect the legislature. Article 1 phases in employee and employer contribution rate increases for employees who participate in the General State Employees Retirement Plan (General Plan). Article 11 recodifies and clarifies the Legislators Retirement Plan without making any substantive changes or granting any benefit increases.

## **Assumptions**

There are approximately 60 legislative employees participating in the General Plan. Beginning on July 1, 2007 (FY08), the employer and employee contribution into the General Plan will increase from 4% to 4.25%. It will increase to 4.5% in FY 09, 4.75% in FY 10, and to 5% in FY 11.

The annual legislative salary is \$48,000. The note assumes there will be no increase to the average annual salary through FY 11.

## **Expenditure and/or Revenue Formula**

Estimated costs of increase employer contributions to the general plan:

FY 08:  $.25\% * 48,000 \text{ avg leg sal} * 60 \text{ participants} = \$7,200$   
FY 09:  $.5\% * 48,000 \text{ avg leg sal} * 60 \text{ participants} = \$14,400$   
FY 10:  $.75\% * 48,000 \text{ avg leg sal} * 60 \text{ participants} = \$21,600$   
FY 11:  $1\% * 48,000 \text{ avg leg sal} * 60 \text{ participants} = \$28,800$

Total estimated employer costs = \$72,000

## **Long-Term Fiscal Considerations**

The additional employer contribution rate continues in perpetuity.

## **Local Government Costs**

N/A

## **References/Sources**

Larry Martin, Director, LCPR

FN Coord Signature: CHAD THUET

Date: 03/13/06 Phone: 296-1121



# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:** 03/09/06

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** State Auditor

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

This bill version has no fiscal effect on our agency.

FN Coord Signature: MATTHEW LINDEMANN  
Date: 03/09/06 Phone: 297-7110

## EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: PEGGY LEXAU  
Date: 03/09/06 Phone: 296-6237

# Preliminary

**Fiscal Note -- 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:** 03/14/06

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Metropolitan Council

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund				87	178
Metropolitan Area Transit Fund				110	227
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund				87	178
Metropolitan Area Transit Fund				110	227
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund				87	178
Metropolitan Area Transit Fund				110	227
<b>Total Cost &lt;Savings&gt; to the State</b>				197	405

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

**Bill Description:** S.F. 2239 is the omnibus pension bill. A portion of this bill would increase the Minnesota State Retirement System (MSRS) from 4% to 5% incrementally starting FY '08, increasing one quarter of one percent in four consecutive years. Employees of the Metropolitan Council are included in the MSRS.

**Assumptions:** It is assumed that the employee complement will remain flat over this time period and that there will be nominal salary growth.

**Expenditure and/or Revenue Formula:** The impact on the state funds appropriated to the Metro Council is only a portion of the costs associated with this legislation. The Metro Council receives operating funds from other funding sources, namely user fees and property taxes. Non-state revenue employer contributions would be about \$293,000 in FY'08 and \$604,000 in FY'09. This amount would be in addition to the state expenditure impacts of about \$197,000 in FY'08 and \$405,000 in FY'09. In FY'11, when the 5% employer contribution rate would be reached, the total fiscal impact of this legislation to the agency would be (both state funding and non-state funding sources) approximately \$2.142 million annually.

**Long-Term Fiscal Considerations:** The five percent employer and employee contribution rates would continue beyond FY'11 and until changes by future legislative actions.

**Local Government Costs:** None for the portion of this bill that pertains to the Metropolitan Council.

Agency Contact Name: Beth Widstrom Anderson, MC Finance 651-602-1567  
FN Coord Signature: MIKE KUEHN  
Date: 03/14/06 Phone: 602-1364

## **EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER  
Date: 03/14/06 Phone: 296-6661

# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:** 03/06/06

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Public Employees Retirement

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

## Bill Description

Omnibus Pension Bill SF 2239 as amended and passed in Senate Governmental Operations

Articles that apply to PERA

**Article 3:** administrative, technical corrections only – no costs

**Article 4:** \$377,976 one-time General Fund appropriation in FY 06 paid to PERA P&F to reimburse for cost of expanded survivor benefit in Section 4

**Article 5:** privatizations for local hospital and nursing home; modifying benefits paid to former PERA members employed by privatized entities – no costs

**Article 6:** Social Security and Medicare referenda: allows local units of government to each conduct a referendum of their governing body elected officials to determine if they want to participate in both Social Security and PERA's defined contribution plan. Under current law, if they choose to participate in PERA's defined contribution plan, they cannot also contribute to Social Security. The cost to local units of government would be future old age, survivor and disability benefit contributions (6.2 percent) if the decision is made to extend Social Security coverage to their governing body elected officials. This referendum is done individually by each local unit of government, so we do not know how many may be affected. *It is important to note, that this only applies to the elected governing body officials such as city council members, county commissioner and school board members.* General employees of all local units of government, except police officers and firefighters, are already participating in both PERA and Social Security.

The Medicare referendum allows individuals who don't already contribute to Medicare to do so. This will impact members of the Minneapolis Employees Retirement Fund (MERF) and PERA's Basic Fund (currently about 65 people statewide).

## **Article 15**

All of the individual provisions in this article are one-time FY 06 costs to the various local units of government.

**Section 1:** requires the City of St. Paul to pay to PERA the cost of providing a benefit for a former firefighter who was deemed to be incorrectly enrolled in the St. Paul Fire Relief Association in June 1980 and who should have been enrolled in PERA P&F. If properly enrolled in PERA P&F, the firefighter would have qualified for a PERA P&F pension. The cost to the city is estimated to be: \$186,885.

**Section 2:** requires the City of Faribault to pay to PERA P&F the cost of an additional 4 months of service credit for a firefighter the city failed to report at date of hire. The cost to the city is estimated to be \$2,255.

**Section 4:** the member will pay the full actuarial cost; no cost to PERA or the employer

**Section 5:** the member will pay the full actuarial cost; no cost to PERA or the employer

**Section 6:** requires the City of Anoka to pay to the PERA General Employees Plan the cost to provide additional benefits to a former employee who was deemed incorrectly to be an independent contractor from March 1984 through 1997. The cost to the city is estimated to be \$54,121.

**Section 11:** requires the Bloomington School District to pay the cost to provide additional benefits to employees who were not reported at the date of initial hire. The school district and the employees must prove that the additional service requested in the bill would have been eligible service for PERA coverage. The cost to the school district, depending on what we learn about the employees' eligibility for the service, could range from \$77,000 to \$250,000.

**Section 12:** permits the City of St. Paul to pay to PERA 52 percent of the cost to fund a benefit to the former mayor who chose to participate in the PERA defined contribution plan rather than PERA's Coordinated Plan. The individual's account balance from the PERA defined contribution plan must be transferred to the Coordinated Plan and the city may, and the individual must pay the difference between the cost to PERA of funding the Coordinated Plan benefit and the account balance transferred. The cost to the city is currently estimated to be \$6,000.

FN Coord Signature: DAVE DEJONGE

Date: 03/06/06 Phone: 201-2641

# Preliminary

## EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER  
Date: 03/06/06 Phone: 296-6661

# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:** 03/08/06

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Investment Board

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					



# Preliminary

This bill version has no fiscal effect on our agency.

FN Coord Signature: MIKE SCHMITT  
Date: 03/07/06 Phone: 297-2674

## EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER  
Date: 03/08/06 Phone: 296-6661

# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #:** S2239-1A **Complete Date:** 03/09/06

**Chief Author:** POGEMILLER, LAWRENCE

**Title:** OMNIBUS PENSION BILL

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Finance Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund		378			
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund		378			
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund		378			
<b>Total Cost &lt;Savings&gt; to the State</b>		378			

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

# Preliminary

## Bill Description

Omnibus Pension Bill SF2239 as amended and passed in Senate Governmental Operations.

Article 4: \$378 one-time General Fund appropriation in FY 2006 paid to Public Employees Retirement Association (PERA) P & F to reimburse for cost of expanded survivor benefit in section 4.

FN Coord Signature: PETER SAUSEN  
Date: 03/06/06 Phone: 296-8372

## EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: PEGGY LEXAU  
Date: 03/09/06 Phone: 296-6237

# Preliminary

**Fiscal Note – 2005-06 Session**

**Bill #: S2239-1A Complete Date:**

**Chief Author: POGEMILLER, LAWRENCE**

**Title: OMNIBUS PENSION BILL**

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Employee Relations

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund		0	0	2,764	5,364
All Other Fund		0	0	2,890	5,771
<b>Less Agency Can Absorb</b>					
General Fund		0	0	0	0
All Other Fund		0	0	0	0
<b>Net Expenditures</b>					
General Fund		0	0	2,764	5,364
All Other Fund		0	0	2,890	5,771
<b>Revenues</b>					
General Fund		0	0	0	0
All Other Fund		0	0	0	0
<b>Net Cost &lt;Savings&gt;</b>					
General Fund		0	0	2,764	5,364
All Other Fund		0	0	2,890	5,771
<b>Total Cost &lt;Savings&gt; to the State</b>		0	0	5,654	11,135

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
General Fund		0.00	0.00	0.00	0.00
All Other Fund		0.00	0.00	0.00	0.00
<b>Total FTE</b>					

# Preliminary

## Bill Description

This bill increases the employer and employee contribution for certain MSRS retirement plans each fiscal year starting in fiscal year 2008 through fiscal year 2011. Certain pension related policies modified and inclusions for pension eligibility addressed.

## Assumptions

DOER calculated the increase in employer contributions to the three MSRS retirement plans covered in this bill. The dollars carried in this fiscal note reflect the impact of all agencies within the executive and judicial branches of state government (including MnSCU) as well as the three retirement agencies.

All projected increases in employer contributions to the three retirement plans are based on current employee information and do not include calculations for potential salary increases.

Information regarding employees in the three covered retirement plans as of January 2006:

Retirement Plan	Appointment Count*	Pay Calculation	Average FTE	Average Pay Rate	Current Retirement Contribution Percent
MSRS Correctional Officers	3,556	Hourly	96.4%	\$ 20.19	7.98%
MSRS Genl Employee Rtmt Plan	251	Biweekly	71.5%	\$1,884.31	4.00%
MSRS Genl Employee Rtmt Plan	31,944	Hourly	93.5%	\$ 22.70	4.00%
MSRS State Highway Patrol	855	Hourly	96.1%	\$ 27.65	12.60%

\* Appointment count includes all active and paid leave appointments in the respective retirement plan as of January 2006.

Information to determine fiscal impact by fund was based on actual fiscal year 2005 retirement contribution expenditures for employees covered in the three covered retirement plans:

Retirement Plan	General Fund	All Other Funds
MSRS Correctional Officers	93.7%	6.3%
MSRS Genl Employee Rtmt Plan	32.9%	67.1%
MSRS State Highway Patrol	15.8%	84.2%

Calculations for increased employer contributions to the three retirement plans were based on the following increases to current year rates:

Retirement Plan	FY06	FY07	FY08	FY09	FY10	FY11
MSRS Correctional Officers	0.00%	0.00%	1.12%	2.12%	3.12%	4.12%
MSRS Genl Employee Rtmt Plan	0.00%	0.00%	0.25%	0.50%	0.75%	1.00%
MSRS State Highway Patrol	0.00%	0.00%	1.00%	2.00%	3.00%	3.00%

# Preliminary

## Expenditure and/or Revenue Formula

Calculation of Increased Employer Contribution by Fund:

Appointment Count \* Average FTE \* Average Pay Rate \* 2088 or 26 depending on Hourly or Biweekly \*

Retirement Plan Increase Over Current Year Rate \* Fund's Percent of Actual FY2005 Retirement Plan

Expenditures

Retirement Plan	Fund Percent	Projected Increase in Retirement Contribution (in thousands)				
		FY07	FY08	FY09	FY10	FY11
<b>MSRS Correctional Officers</b>						
General Fund	93.7%	\$ -	\$ 1,517	\$ 2,871	\$ 4,225	\$ 5,579
All Other Funds	6.3%	\$ -	\$ 102	\$ 193	\$ 284	\$ 375
		\$ -	\$ 1,619	\$ 3,064	\$ 4,509	\$ 5,954
<b>MSRS Genl Employee Rtmt Plan</b>						
General Fund	32.9%	\$ -	\$ 1,172	\$ 2,343	\$ 3,515	\$ 4,687
All Other Funds	67.1%	\$ -	\$ 2,389	\$ 4,779	\$ 7,169	\$ 9,558
		\$ -	\$ 3,561	\$ 7,122	\$ 10,684	\$ 14,245
<b>MSRS State Highway Patrol</b>						
General Fund	15.8%	\$ -	\$ 75	\$ 150	\$ 225	\$ 225
All Other Funds	84.2%	\$ -	\$ 399	\$ 799	\$ 1,198	\$ 1,198
		\$ -	\$ 474	\$ 949	\$ 1,423	\$ 1,423
<b>Total All Retirement Plans</b>						
Total General Fund		\$ -	\$ 2,764	\$ 5,364	\$ 7,965	\$ 10,491
Total All Other Funds		\$ -	\$ 2,890	\$ 5,771	\$ 8,651	\$ 11,131
<b>Total All Funds</b>		\$ -	\$ 5,654	\$ 11,135	\$ 16,616	\$ 21,622

## Long-Term Fiscal Considerations

As shown in the above table, fiscal obligations continue to increase until fiscal year 2011.

## Local Government Costs

n/a

## References/Sources

n/a

Agency Contact Name: Bruce Yurich (651-259-3790)

FN Coord Signature: MIKE HOPWOOD

Date: 03/13/06 Phone: 259-3780

TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Lawrence A. Martin, Executive Director  
RE: 2006 Session Omnibus Retirement Bill I  
DATE: February 28, 2006

### Introduction

Most of the actions of the Legislative Commission on Pensions and Retirement recommending proposed legislation from January 31, 2006, through February 27, 2006, have been aggregated into a "delete-everything" amendment as the initial version of the 2006 Omnibus Retirement Bill. The amendment comprising the 2006 Omnibus Retirement Bill I is Amendment LCPR06-121.

### Source Legislation for Amendment LCPR06-121

Delete-everything amendment LCPR06-121, drawn to SF 2239 (Pogemiller); HF 2362 (Smith) as a vehicle, includes all or part of the contents of the following retirement bills:

1. SF 264 (Betzold-by request); HF 1757 (Smith): MSRS: State Employee/Employer Contribution Rate Increases
2. SF 427 (Betzold); HF 2092 (Smith): Elected State Officers Retirement Plan; Recodification
3. SF 428 (Betzold); HF 2091 (Smith): Legislators Retirement Plan; Recodification
4. SF 433 (Betzold); HF 2112 (Smith): Judges Retirement Plan; Recodification
5. SF 503 (Murphy); HF 441 (Fritz): MSRS-Correctional; MCF-Faribault Delivery Van Drivers/Laundry Coordinators Inclusion in MSRS-Correctional & Prior Service Credit Purchase
6. SF 997 (Betzold-by request); HF 1753 (Wardlow): MSRS-Correctional Employee/Employer Contribution Rate Increases
7. SF 998 ((Betzold-by request); HF 1754 (Smith): State Patrol Plan Employee/Employer Contribution Rate Increases
8. SF 1562 (Ourada); HF 1395 (Anderson, B.): MERF: Service Credit Purchase for a Workers' Compensation Injury Period
9. SF 1676 (Nienow); HF 1928 (Nelson, P.): MSRS-Correctional; MCF-Rush City Prior Discipline Unit Supervisor, Dental Hygienist, and Psychologist 2 Service Credit Purchase
10. SF 1736 (Day); HF 1978 (Ruth): TRA: Purchase of Service Credit for Montana Teaching Service
11. SF 1995 (LeClair); HF 2196 (Charron): PERA: Service Credit Purchase for Prior Public Defender Employment
12. SF 2047 (Michel); HF 2230 (Peterson, N.): Statewide and Local Retirement Plans Marriage Dissolution Public Pension Benefits Division Modified
13. SF 2104 (Foley); HF 2311 (Hortman): PERA-P&F: Former St. Paul Firefighter Request for PERA-P&F Pension
14. SF 2141 (Pogemiller); HF 2219 (Fritz): PERA-P&F; Service Credit Purchase for Uncovered Faribault Firefighter Employment
15. SF 2239 (Pogemiller); HF 2362 (Smith): MTRFA; Revising Investment Authority
16. SF 2248 (Skoglund); HF 2462 (Wagenius): TRA/MnSCU: TRA Coverage Election and Transfer Past Service from IRAP
17. SF 2299 (Pogemiller); HF 1936 (Fritz): MSRS: Service Credit Transfer from MSRS-General to MSRS-Correctional
18. SF 2359 (Pogemiller); HF 2711 (Smith): MnSCU Administrative Provisions
19. SF 2360 (Koering); HF 2747 (Blaine): Randall Firemen's Relief Association; Increased Surviving Spouse Benefit for the Spouse of Firefighter Killed in a Construction Accident
20. SF 2378 (Pogemiller); HF 2708 (Smith): PERA: Privatized Employees Augmentation Interest Rate Modifications
21. SF 2379 (Pogemiller); HF 2701 (Smith): PERA Administrative Provisions
22. SF 2387 (Murphy); HF xxx: PERA: Cannon Falls Hospital Privatization
23. SF 2394 (Pogemiller); HF xxx: Supplemental Defined Contribution Plans; Increased Contribution Maximum and Inclusion of Laborer's Local Pension Plan
24. SF 2428 (Pappas); HF xxx (Thissen): Public Pension Plans Reporting Requirements and Authorized Investment Provisions Modifications
25. SF 2443 (Dille); HF xxx (Urdahl): PERA: Dassel Community Home Privatization
26. SF 2461 (Pogemiller); H.F. xxx: Modifying Disability Benefits Eligibility Requirements
27. SF 2462 (Pogemiller); HF xxx: Judges Plan: Joint and Survivor Annuity Option for Surviving Spouses of Deceased Judges
28. SF 2463 (Pogemiller); HF xxx: Authorizing Social Security and Medicare Referenda: Allowing Retroactive Coverage
29. SF xxx; HF 853 (Kelliher): MERF; Permit Investment with SBI, Modify Liquidity Requirement
30. SF xxx; HF 2026 (Hoppe): PERA-P&F: Service Credit Purchase for Employee Organization Business Agent Leave of Absence
31. SF xxx; HF 2523 (Ozment): PERA; Service Credit Purchase for Bloomington School Custodians

32. SF xxx; HF 2577 (Mullery): MPRA: Successor Trust Fund Terms Defined, Salary Limits and Compensation of Board Members and Officers Adjusted, & Additional Investment
33. SF xxx; HF 2799 (Abeler-by request): PERA: Service Credit Purchase for Uncredited Greenhaven Golf Course Service
34. SF xxx (Gerlach); HF xxx: TRA/MSRS: Repay Contributions Transferred to MSRS-Unclassified and Reinstate Prior TRA Service Credit
35. SF xxx; HF xxx: Implementing the Office of the State Auditor Investment Report Recommendations
36. SF xxx; HF xxx: State Auditor's Volunteer Fire Working Group Recommendations
37. SF xxx (Pogemiller); HF xxx: PERA: Coverage Transfer Election from PERA-Defined Contribution Plan to PERA-General for St. Paul Mayor Service
38. Amendment LCPR06-BA008: PERA-P&F Survivor Benefit: Further Consideration of the Late St. Louis Park Police Officer Issue
39. Amendment LCPR06-BA011 (Wiger): TRA: Service Credit Purchase for a Medical Leave
40. Amendment LCPR06-BA012: MSRS-Correctional; Department of Corrections and Department of Human Services Recommended Inclusions in the MSRS-Correctional Retirement Plan

### General Summary of 2006 Omnibus Retirement Bill I

Article 1: MSRS Retirement Plan Contribution Rate Increases. The article phases in member and employer contribution rate increases in installments for the various larger retirement plans administered by the Minnesota State Retirement System (MSRS), as follows:

- General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General)
  - Member – from 4.0 percent to 5.0 percent in four installments
  - Employer – from 4.0 percent to 5.0 percent in four installments
- Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional)
  - Member – from 5.69 percent to 8.60 percent in four installments
  - Employer – from 7.98 percent to 12.10 percent in four installments
- State Patrol Retirement Plan
  - Member – from 8.40 percent to 10.10 percent in three installments
  - Employer – from 12.60 percent to 15.60 percent in three installments

Article 2: MSRS-Correctional Retirement Plan Coverage Changes. Expands the active membership of the Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional) by adding 12 employment positions (involving 67 current State employees) in the Department of Human Services to the plan; adding ten employment positions (involving 40 current State employees) in the Department of Corrections to the plan; updating the references to the Minnesota Sex Offender Program (MSOP) and to the Minnesota Extended treatment Option (METO) Program with the Department of Human Services; and specifying the internal process within the Department of Corrections for the review of additional MSRS-Correctional Retirement Plan inclusions in detail; permits newly transferred MCF-Faribault laundry coordinators and delivery van driver and MCF-Rush City employees covered in 2005 to transfer prior qualified correctional plan coverage from the MSRS-General State Employees Retirement Plan to the MSRS-Correctional Plan and authorizes a past coverage transfer for prior Corrections Program Director employment for an MCF-Faribault correctional employee if a coverage expansion for the position is approved by the 2006 or 2007 Legislature.

Article 3: Retirement Plan Administrative Provisions. Revises a MnSCU tax-sheltered annuity minimum vendor provision, revises employee and employer contribution rates for State Arts Board and Humanities Commission employees who elect individual retirement account plan (IRAP) coverage to be consistent with rates applicable to MnSCU/IRAP, repeals an obsolete higher education mandatory retirement age provision, clarifies the coverage provisions for physicians and St. Paul Port Authority employees covered by the general employee retirement plan of the Public Employees Retirement Association (PERA-General), adds an "indefinite layoff" definition with related changes in PERA termination of public service, termination of membership, and allowable service provisions, reorganizes the PERA board management/composition/election provision, authorizes the PERA board to adopt procedures for filling a vacant elected member board position, provides clear authority for the PERA board to take legal action when necessary to properly administer its plans, revises the PERA adjustments for erroneous receipts provision to prohibit a distribution to an employee if that would cause plan qualification problems, clarifies and removes obsolete PERA language from deductions transmitted in error, collection of unpaid amounts, and automatic deposit provisions, establishes timelines for PERA disabilitants to submit earnings reports for continued benefit eligibility, removes obsolete language from MSRS-General and



PERA bounceback annuity provisions, clarifies the PERA living spouse optional annuity provision and removes obsolete crossreferences, removes the PERA five-year, term-certain surviving spouse optional annuity authority, removes obsolete crossreferences from PERA disability benefit eligibility provision, clarifies the PERA disability return to employment provision, prohibits those who terminate PERA membership but not public employment from receiving a refund, clarifies PERA-P&F disability benefit provision, removes privately operated ambulance services that receive an operating subsidy from PERA defined contribution plan eligibility, authorizes counties to certify positions to be covered by the local government correctional employees retirement plan of the public employees retirement association (PERA-Correctional) providing that the positions are comparable to those included in the plan under statute, includes applicable employees at county juvenile correctional facilities as eligible for PERA-Correctional coverage, and makes the MSRS-General and PERA returning disability program a permanent rather than a temporary program.

Article 4: PERA-P&F Retirement Plan Changes. Generally reduces the upper-end age range for the qualification of an active member of the Public Employees Police and Fire Plan (PERA-P&F) to a disability benefit and requires the City of St. Louis Park to reimburse PERA-P&F for the actuarial cost that the State of Minnesota does not pay of the 2005 Special Session extension of special non-duty death benefit coverage to a former St. Louis Park police officer on active duty in Iraq with a short duration marriage.

Article 5: Privatization Retirement Coverage Change. Reduces the special deferred annuities augmentation rates for privatized medical and other employees previously covered by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) and the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) and authorizes special privatization benefits for employees of the Cannon Falls city hospital and the Dassel Lakeside Community Home if they privatize and if subsequent actuarial work indicates that the actuarial gain from a privatization of the members exceeds the actuarial cost of the special benefit coverage.

Article 6: Social Security Coverage Changes. Allows combined PERA-Defined Contribution Plan and Social Security coverage for local elected officials, permits pre-1986 public employees without Medicare coverage to elect Medicare coverage, and provides retroactive Social Security or Medicare coverage to the extent allowed by federal law.

Article 7: Supplemental Retirement Plan Coverage Changes. Extends supplemental retirement plan status to the local laborers union pension fund and to the International Association of Machinists' union pension plan, and increases the maximum employer contribution to trade union supplemental retirement plans to \$5,000 annually.

Article 8: Retirement Fund Investment Authority Changes. Permits a first class city teacher retirement fund association to utilize the State Board of Investment operated Minnesota Supplemental Investment Fund, requires the Minneapolis Teachers Retirement Fund Association (MTRFA) post-retirement adjustment mechanisms to conform with the public pension plan fiduciary responsibility standards investment legal list, allows certain larger retirement plans exceptions to investment performance reporting to the Office of the State Auditor, authorizes greater flexibility in authorized investment authority for real estate investment trusts, insurance company commingled accounts, developed market foreign equities, and commingled or mutual fund investments, reduces the maximum investment amount for reduced group of miscellaneous securities, and specifies a transition for compliance with new investment authority.

Article 9: MERF Changes. Provides the Minneapolis Employees Retirement Fund (MERF) with authority to invest with the State Board of Investment, and provides MERF with internal transfer liquidity flexibility, subject to local approval.

Article 10: Minneapolis Police Relief Association Changes. Authorizes an increase in Minneapolis Police Relief Association (MPRA) board salaries and extends the 2005 benefit increases to omitted under 20 years of service active and retired members, subject to local approval in each case.

Article 11: Clarification/Recodification of Statewide Specialty Retirement Plans. This article recodifies and clarifies the Elective State Officers Retirement Plans (without any active members) and the Legislative Retirement Plan (closed to new entrants in 1997, by defining various terms, repositioning various definitions to the definition section, and removing obsolete provisions without making any substantive changes or granting any benefit increases.

Article 12: Judges Retirement Plan and Board on Judicial Standards Recodification. Repeals the obsolete Supreme Court, District Court, and County/Probate Court Retirement Plans, updates and clarifies the

1973 Uniform Judicial Retirement Plan provisions, and moves the Board of Judicial Standards provisions to a separate statute chapter.

Article 13: Judges Retirement Plan and Related Changes. Creates a "death while eligible to retire" survivor benefit for the Judges Retirement Plan, retroactive to January 1, 2006, and extends the Legislators Retirement Plan "death while eligible to retire" survivor coverage from age 60 to age 55.

Article 14: Volunteer Firefighter Relief Association Changes. Provides editorial/presentation flexibility to the State Auditor in the volunteer firefighter relief association data compilation report, adds a definition of "volunteer firefighter" to the volunteer firefighter relief association law, authorizes an individual retirement account transfer for volunteer firefighter relief association death/survivor benefits, authorizes the payment of certain volunteer firefighter relief association death benefits to estates, and authorizes a retroactive bylaw amendment by the Randall Firemen's Relief Association to implement a minimum survivor benefit.

Article 15: One-Person and Small Group Retirement Provisions. Authorizes various individuals or small groups of public employees to purchase prior service credit for uncredited periods, to transfer retirement coverage to correct earlier election or related errors, or to gain an earlier payment of a divided pension benefit in a previous marriage dissolution in certain instances.

cc: Representative Mary Murphy  
Representative Dennis Ozment  
Representative Steve Smith  
Representative Paul Thissen  
Representative Lynn Wardlow  
Mark Shepard, House Research  
Helen Roberts, House Fiscal Analyst

Senator Lawrence Pogemiller  
Senator Don Betzold  
Senator Keith Langseth  
Senator Cal Larson  
Senator Geoff Michel  
Tom Bottern, Senate Counsel and Research  
Kevin Lundeen, Senate Fiscal Analyst  
Margot Knoll, Senate Index

Section-by-Section Summary of Amendment LCPR06-121 (2006 Omnibus Retirement Bill I)

Delete-everything amendment LCPR06-121 (2006 Omnibus Retirement Bill I), currently drawn to S.F. 2239 (Pogemiller); H.F. 2362 (Smith) as a vehicle, containing the retirement legislation recommended by the Legislative Commission on Pensions and Retirement through February 27, 2006, includes the following retirement law changes:

Summary of delete-everything amendment LCPR06-121

Sec.	Page. Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
<b>Article 1: MSRS Contribution Rate Increases</b>					
1	Page 1, Lines 6-15	MSRS-General	SF 264 (Betzold); HF 1757 (Smith)	352.04, Subdivision 2	Increases the member contribution rate from 4.0 percent to 5.0 percent in four installments from 2007 to 2010.
2	Page 1, Lines 16-23	MSRS-General	SF 264 (Betzold); HF 1757 (Smith)	352.04, Subdivision 3	Increases the employer contribution rate from 4.0 percent to 5.0 percent in four installments from 2007 to 2010.
3	Page 1, Lines 24-28; Page 2, Lines 1-36; Page 3, Lines 1-11	MSRS Plans	Commission Amendment	New Section 352.045	Authorizes additional contribution rate changes through an administrative procedure.
4	Page 3, Lines 12-21	MSRS- Correctional	SF 997 (Betzold); HF 1753 (Wardlow)	352.92, Subdivision 1	Increases the member contribution rate from 5.69 percent to 8.6 percent in four installments.
5	Page 3, Lines 22-29	MSRS- Correctional	SF 997 (Betzold); HF 1753 (Wardlow)	352.92, Subdivision 2	Increases the employer contribution rate from 7.98 percent to 12.10 percent in four installments.
6	Page 3, Lines 30-37; Page 4, Lines 1-2	State Patrol	SF 998 (Betzold); HF 1754 (Smith)	352B.02, Subdivision 1a	Increases the member contribution rate from 8.40 percent to 10.10 percent in three installments.
7	Page 4, Lines 3-12	State Patrol	SF 998 (Betzold); HF 1754 (Smith)	352B.02, Subdivision 1c	Increases the employer contribution rate from 12.60 percent to 15.60 percent in three installments.
8	Page 4, Lines 13-29	MSRS- Unclassified	SF 264 (Betzold); HF 1757 (Smith)	352D.04, Subdivision 2	Replaces a statutory cross-reference to the MSRS-General member contribution rate with a specified 4.0 percent member contribution rate.
9	Page 4, Lines 30-32	--	--	Effective Date	2006 or 2007 effective dates.
<b>Article 2: MSRS-Correctional Retirement Plan Changes</b>					
1	Page 4, Line 36; Page 5, Lines 1-8	MSRS- Correctional	Commission Amendment	352.90	Updates the plan policy provision to correct references to the Minnesota Sex Offender Program.
2	Page 5, Lines 9-22	MSRS- Correctional	Commission Amendment	352.91, Subdivision 1	Updates the correctional officer inclusion provision to correct a reference to the Minnesota Sex Offender Program, update the correctional lieutenant title, and reference the corrections canine officer title.
3	Page 5, Lines 23-31	MSRS- Correctional	Commission Amendment	352.91, Subdivision 2	Specifically references the correctional industry personnel covered by the plan, adds a 75 percent inmate/patient contact requirement for maintenance, correctional industry or trades personnel for inclusion, and corrects a Minnesota Sex Offender Program reference.
4	Page 5, Lines 32-35; Page 6, Lines 1-11	MSRS- Correctional	Commission Amendment	352.91, Subdivision 3c	Corrects a Minnesota Sex Offender Program reference, eliminates an obsolete reference to a 1996 special transfer law, and updates the registered nurse advance practice title.

Summary of delete-everything amendment LCPR06-121

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
5	Page 6, Lines 12-34; Page 7, Lines 1-3	MSRS- Correctional	Commission Amendment; SF 503 (Murphy); HF 441 (Fritz)	352.91, Subdivision 3d	Eliminates an obsolete reference to a 1996 special law, corrects title references for central services administrative specialist, intermediate, central services administrative specialists, principal, corrections program therapists 1, 2, and 3, and work therapy technician; adds the positions of chaplain, corrections inmate program coordinator, corrections transition program coordinator, delivery van driver, general maintenance worker, laundry coordinator, library technician, psychologist 1, and sports medicine specialist, and eliminates references to the obsolete Phoenix/Pomiga program.
6	Page 7, Lines 4-28	MSRS- Correctional	Commission Amendment	352.91, Subdivision 3e	Eliminates references to an obsolete membership option in a prior law, eliminates references to the Cambridge Regional Human Services Center, clarifies for Minnesota Extended Treatment Options behavior analyst 1 reference, and adds coverage for Minnesota Extended Treatment Options positions of behavior analysts 2 and 3, group supervisor, group supervisor assistant, social worker specialists, and speech pathology specialist.
7	Page 7, Lines 29-36; Page 8, Lines 1-25	MSRS- Correctional	Commission Amendment	352.91, Subdivision 3f	Corrects a Minnesota Sex Offender Program reference, adds coverage at the Minnesota Security Hospital or the Minnesota Sex Offender Program for positions of behavior analyst 3, client advocate, dental assistant registered, group supervisor, group supervisor assistant, licensed practical nurse, occupational therapist, occupational therapist senior, skills development specialist, social worker specialist, social worker specialist senior, and speech pathology clinician, clarifies title references for chemical dependency counselor senior, psychologist 1, psychologist 3, recreation program assistant, recreation therapist senior, rehabilitation counselor senior, work therapy assistant, and work therapy program coordinator.
8	Page 8, Lines 26-36; Page 9, Lines 1-17	MSRS- Correctional	Commission Amendment	352.91, Subdivision 3g	Eliminates facility-specific designations within correctional facilities.
9	Page 9, Lines 18-35; Page 10, Lines 1-2	MSRS- Correctional	Commission Amendment	352.91, New Subdivision 3h	Provides a procedure for handling future occupational title changes.
10	Page 10, Lines 3-10	MSRS- Correctional	Commission Amendment	352.91, New Subdivision 3i	Provides a procedure for handling coverage issues related to lateral employment transfers to new correctional facilities.
11	Page 10, Lines 11-36; Page 11, Lines 1-2	MSRS- Correctional	Commission Amendment	352.91, New Subdivision 4b	Codifies the Department of Corrections internal procedure for considering coverage requirements.
12	Page 11, Lines 3-36; Page 12, Lines 1-25	MSRS- Correctional	SF 503 (Murphy); HF 441 (Fritz); SF 1676 (Nienow); HF 1928 (Nelson, P.)	Uncoded	Permits transferred MCF-Faribault employees under section 1 and MCF-Rush City employees transferred under Laws 2004, Ch. 267, Art. 1, Sec. 1, to make additional member contributions and transfer post-July 1, 1997, pre-July 1, 2005, MCF-Faribault service credit or pre-8/1/2004 MCF-Rush City service credit to MSRS-Correctional.
13	Page 12, Lines 26-35; Page 13, Lines 1-35; Page 14, Lines 1-10	MSRS- Correctional	SF 2299 (Pogemiller); HF 1936 (Fritz)	Uncoded	Permits transfer of service credit for Corrections Program Director if a subsequent transfer of that position to MSRS-Correctional coverage is approved by the 2006 or 2007 Legislature.

Summary of delete-everything amendment LCPR06-121

Sec.	Page. Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
14	Page 14, Lines 11-28	--	--	Effective Date	Sections 1 to 12 effective immediately. Section 3 effective retroactively if subsequent position transfer is approved.
<b>Article 3: Retirement Plan Administrative Provisions</b>					
1	Page 14, Lines 31-34; Page 15, Lines 1-19	MnSCU/IRAP	SF 2359 (Pogemiller); HF 2711 (Smith)	136F.45, Subdivision 1a	Removes from a MnSCU Section 403(b) vendor contract provision the requirement that MnSCU include at least five insurance annuity providers and a few low cost and no load mutual fund providers.
2	Page 15, Lines 20-31	MSRS-General	Commission Amendment to SF 2379 (Pogemiller); HF 2701 (Smith)	352.113, Subdivision 7a	Makes the current temporary disabilitant reemployment benefit reduction waiver permanent and makes it conform with the similar PERA-General provision.
3	Page 15, Lines 32-36; Page 16, Lines 1-25	MSRS-General	Commission Amendment to SF 2379 (Pogemiller); HF 2701 (Smith)	352.116, Subdivision 3a	Removes obsolete language from the bounce-back annuity provision.
4	Page 16, Lines 26-36; Page 17, Lines 1-21	MSRS-Correctional and State Patrol	Commission Amendment to SF 2379 (Pogemiller); HF 2701 (Smith)	352.116, Subdivision 3b	Removes obsolete language from the bounce-back annuity provision.
5	Page 17, Lines 22-36; Page 18, Lines 1-9	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, Subdivision 2a	Revises the included employees provision by clarifying that public employee physicians who do not elect PERA Defined Contribution Plan coverage are members of PERA-General.
6	Page 18, Lines 10-35; Page 19, Lines 1-20	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, Subdivision 2d	Revises the optional membership provision by clarifying coverage for individuals who were employees of the Port Authority of St. Paul on January 1, 2003, and who were at least 45 on that date, when PERA coverage was extended to various Port Authority employees.
7	Page 19, Lines 21-31	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, Subdivision 11a	Revises the termination of public service definition by stating that termination includes when the employee/employer relationship is severed due to expiration of an indefinite layoff, temporary layoff, or seasonal layoff, rather than when an individual is no longer considered to be on a temporary layoff.
8	Page 19, Lines 32-36; Page 20, Lines 1-16	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, Subdivision 11b	Revises the termination of membership provision by stating that the provision is applicable when an individual has terminated membership but not public service, including when a city manager elects to terminate from PERA coverage, and when a member transfers to a temporary position and becomes excluded from membership.
9	Page 20, Lines 17-24	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, Subdivision 12	Revises the authorized temporary layoff provision by including seasonal layoffs and by defining authorized temporary or seasonal layoffs to mean a suspension of service for a limited period during a year for an individual who is expected to return to the same position at the end of the layoff, rather than for a period not to exceed three months in any calendar year.
10	Page 20, Lines 25-30	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, New Subdivision 12c	Adds a definition of "indefinite layoff," defined as a layoff which is not a temporary or a seasonal layoff, for which no date has been specified for the employee's return, and where the individual has not resigned or been dismissed.

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11	Page 20, Lines 31-33; Page 21, Lines 1-36; Page 22, Lines 1-36; Page 23, Lines 1-36; Page 24, Lines 1-3	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.01, Subdivision 16	Revises the allowable service provision to conform to the addition of a seasonal layoff provision.
12	Page 24, Lines 4-36; Page 25, Lines 1-30	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.03, Subdivision 1	Revises the board management, composition, and election provision by reorganizing the provision and by specifying that PERA must obtain Secretary of State review and approval for PERA procedures for conducting elections, rather than having the Secretary of State supervise those elections.
13	Page 25, Lines 31-35; Page 26, Lines 1-2	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.03, Subdivision 1a	Revises the provision for filling board vacancies by specifying that the board shall adopt policies and procedures governing how the vacancy of an elected trustee is to be filled.
14	Page 26, Lines 3-9	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.03, New Subdivision 2b	Creates a board legal authority provision, stating that the board is authorized to take any legal actions necessary to properly and effectively administer its plans.
15	Page 26, Lines 10-35; Page 27, Lines 1-23	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.27, Subdivision 7	Revises the adjustment for erroneous receipts or disbursements provision by providing interest on a refund to the individual only if the erroneous deduction began before January 1, 1990, and only after the individual terminates public service. In all other cases, the association will return the employee contributions without interest to the individual, and the employer contributions to the employer, if these actions are deemed consistent with federal plan qualification requirements. If not, the employer will receive a credit against future contributions and the employer will be responsible for refunding the erroneous contribution amount to the employee.
16	Page 27, Lines 24-36; Page 28, Lines 1-7	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.27, Subdivision 7a	Revises the deductions or contributions transmitted by error provision to permit PERA to transmit assets to or from the PERA Defined Contribution Plan to correct an error.
17	Page 28, Lines 8-13	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.27, Subdivision 7b	Clarifies the overpayment to members provision by explicitly including reference to retirees, beneficiaries, or other benefit recipients.
18	Page 28, Lines 14-32	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.28, Subdivision 6	Revises the collection of unpaid amounts provision by clarifying that the Commissioner of Finance must transmit to PERA any amount the Department of Finance deducts from an organization's state aid or state appropriations to capture an amount due that is payable to PERA.
19	Page 28, Lines 33-35; Page 29, Lines 1-12	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	383.29, Subdivision 8	Amends the annuity payment provision to recognize that benefit payments may be automatically deposited in a bank, rather than by issuing a warrant (check), and language specifying obsolete procedures is stricken.
20	Page 29, Lines 13-36; Page 30, Lines 1-6	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.30, Subdivision 3a	Revises the PERA-General bounce-back joint and survivor annuity provision by simplifying the provision and making stylistic changes.
21	Page 30, Lines 7-35; Page 31, Lines 1-2	PERA-P&F	SF 2379 (Pogemiller); HF 2701 (Smith)	353.30, Subdivision 3b	Revises the PERA-P&F bounce-back joint and survivor annuity provision by simplifying the provision and making stylistic changes.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
22	Page 31, Lines 3-35; Page 32, Lines 1-14	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.32, Subdivision 1a	Revises the death while active or deferred surviving spouse benefit provision by removing obsolete cross-references; by making any residual amount of the contributions in excess of the benefits paid to the surviving spouse prior to his or her death payable to the surviving spouse's estate rather than to the last beneficiary of the deceased member; and by clarifying that if a surviving spouse waives receipt of benefits, that action does not make a dependent child eligible to receive monthly benefits as though there were no surviving spouse.
23	Page 32, Lines 15-24	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.32, Subdivision 1b	Revises the term certain surviving spouse annuity provision by striking the five-year term certain option.
24	Page 32, Lines 25-36; Page 33, Lines 1-2	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.33, Subdivision 1	Clarifies the PERA-General disability eligibility provision and obsolete cross-references are stricken.
25	Page 33, Lines 3-19	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.33, Subdivision 9	Amends the disabilitant returning to active employment provision by clarifying that PERA contributions will be deducted from pay if the individual resumes PERA-covered employment, and if the employment is not covered by PERA, the individual will be treated as a deferred annuitant if the individual has sufficient service, or the individual may request a refund.
26	Page 33, Lines 20-26	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	New 353.335	Specifies that disabilitants must report all earnings from reemployment and workers' compensation income by May 15. If the information is not submitted, the benefit is suspended on June 1. If the information is later submitted, the benefit can be continued retroactive to June 1.
27	Page 33, Lines 27-34; Page 34, Lines 1-10	PERA-General	SF 2379 (Pogemiller); HF 2701 (Smith)	353.34, Subdivision 1	Amends the refund or deferred annuity provision to conform with PERA's proposed "seasonal layoff" language in Sec. 5, and states that a refund will not be paid prior to termination of service, although an individual might terminate from plan coverage prior to that date.
28	Page 34, Lines 11-29	PERA-P&F	SF 2379 (Pogemiller); HF 2701 (Smith)	353.656, Subdivision 4	Revises the PERA-P&F disability benefit limit provision by clarifying that the limit also applies to any paramedics with PERA-P&F coverage; by correcting the provision to apply to combined earnings that exceed the permissible limits rather than are less than those limits; and by specifying that the limit is based on 125 percent of base salary, rather than 125 percent of salary.
29	Page 34, Lines 30-36; Page 35, Lines 1-28	PERA-Defined Contribution	SF 2379 (Pogemiller); HF 2701 (Smith)	353D.01, Subdivision 2	Revises the PERA Defined Contribution Plan membership eligibility provision by eliminating eligibility for emergency medical service personnel employed by privately operated ambulance services that receive a government subsidy.
30	Page 35, Lines 29-35; Page 36, Lines 1-2	PERA-Defined Contribution	SF 2379 (Pogemiller); HF 2701 (Smith)	353D.01, Subdivision 3	Revises the PERA Defined Contribution Plan employer election to participate by eliminating privately operated ambulance services that receive a government subsidy.

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31	Page 36, Lines 3-10	PERA-Correctional	SF 2379 (Pogemiller); HF 2701 (Smith)	353E.02, Subdivision 3	Revises the PERA-Correctional eligibility provision by extending plan coverage to individuals employed in a position identical to the positions explicitly authorized for coverage, which are correctional guard or officer, joint jailer/dispatcher, or a supervisor of individuals in these positions. The employing county will determine whether the position is identical to those currently included under coverage.
32	Page 36, Lines 11-36	TRA	Commission Amendment to SF 2379 (Pogemiller); HF 2701 (Smith)	354.45, Subdivision 1a	Removes obsolete language from the bounce-back annuity provision.
33	Page 37, Lines 1-36; Page 38, Lines 1-2	First Class City Teacher Plans	Commission Amendment to SF 2379 (Pogemiller); HF 2701 (Smith)	354A.32, Subdivision 1a	Removes obsolete language from the bounce-back annuity provision.
34	Page 38, Lines 3-36	Arts Board-Historical Society IRAP	SF 2359 (Pogemiller); HF 2711 (Smith)	354D.05	Revises the employee and employer contribution rates for Arts Board and Humanities Commission employees who are IRAP members to equal the rates applicable for the MSRS, PERA, or TRA plan that would otherwise provide coverage if the individual were not an IRAP member.
35	Page 39, Lines 1-5	PERA-General	SF 2359 (Pogemiller); HF 2711 (Smith)	Uncoded	Laws 2004, Chapter 267, Article 8, Section 41, is revised to make the PERA trial work period provision (Sec. 353.33, Subd. 7a) permanent rather than expiring on July 1, 2006.
36	Page 39, Lines 6-7	--	--	Repealer	Repeals an obsolete higher education mandatory retirement age provision.
37	Page 39, Lines 8-24	--	--	Effective Date	Generally immediately effective. Provides process for correcting any bounce-back annuity error.

**Article 4: PERA-P&F Retirement Plan Changes**

1	Page 39, Lines 27-36; Page 40, Lines 1-11	PERA-P&F	SF 2461 (Pogemiller); HF xxx	353.656, Subdivision 1	Replaces for most members in the duty disability coverage an age 65 maximum disability benefit age reference with a cross-reference to the PERA-P&F normal retirement age statutory provision, which is currently age 55.
2	Page 40, Lines 12-32	PERA-P&F	SF 2461 (Pogemiller); HF xxx	353.656, Subdivision 3	Replaces for most members in the non-duty disability coverage an age 65 maximum disability benefit age reference with a cross-reference to the PERA-P&F normal retirement age statutory provision, which is currently age 55.
3	Page 40, Lines 33-35; Page 40, Lines 1-21	PERA-P&F	SF 2461 (Pogemiller); HF xxx	353.656, Subdivision 6a	Replaces for the disability survivor benefit coverage the age 65 maximum disability benefit age reference with a cross-reference to the PERA-P&F normal retirement age statutory provision, which is currently age 55.
4	Page 41, Lines 22-35; Page 42, Lines 1-8	PERA-P&F	Commission Amendment	Uncoded	Requires St. Louis Park to pay any portion of the actuarial liability for a former St. Louis Park police officer killed in Iraq that is not paid by a 2006 State appropriation.
5	Page 42, Lines 9-11	--	--	Effective Date	Effective July 1, 2006.

**Article 5: Privatization Retirement Coverage Change**

1	Page 42, Lines 14-36	MSRS Privatization	Commission Amendment to SF 2378 (Pogemiller); HF 2708 (Smith)	352F.04	Reduces the special augmentation rates from 5.5 percent under age 55 and 7.5 percent over age 54 to 4.0 percent under age 55 and 6 percent over age 54.
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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
2	Page 43, Lines 1-16	PERA Privatization	SF 2387 (Murphy); HF 2667 (Dempsey) and SF 2443 (Dille); HF 2658 (Urdahl)	353F.02, Subdivision 4	Includes the City of Cannon Falls Hospital and the Dassel Lakeside Community Home under the special privatization provisions if the facility is privatized.
3	Page 43, Lines 17-36; Page 44, Lines 1-9	PERA Privatization	SF 2378 (Pogemiller); HF 2708 (Smith)	353F.04	Reduces the special augmentation rates from 5.5 percent under age 55 and 7.5 percent over age 54 to 4.0 percent under age 55 and 6 percent over age 54.
4	Page 44, Lines 10-36; Page 45, Lines 1-2	--	--	Effective Date	Local provision effective on local approval and general provisions effective immediately or retroactively.
<b>Article 6: Social Security Coverage Changes</b>					
1	Page 45, Lines 5-16		SF 2463 (Pogemiller); HF xxx	355.01, Subdivision 3g	Eliminates reference to the League of Minnesota Cities from Social Security coverage definition of "local government subdivision."
2	Page 45, Lines 17-36; Page 46, Lines 1-12		SF 2463 (Pogemiller); HF xxx	355.02, Subdivision 1	Makes various clarifying changes in general authority of the State to enter into Social Security coverage agreements.
3	Page 46, Lines 13-36; Page 47, Lines 1-9		SF 2463 (Pogemiller); HF xxx	355.02, Subdivision 3	Allows Social Security coverage referenda for local elected officials on a government unit by government unit basis.
4	Page 47, Lines 10-22		SF 2463 (Pogemiller); HF xxx	355.02, New Subdivision 4	Adds specific additional Social Security referendum provisions.
5	Page 47, Lines 23-34		SF 2463 (Pogemiller); HF xxx	355.02, New Subdivision 5	Allows retroactive Social Security contributions to the extent permitted by federal law in new coverage extensions.
6	Page 48, Lines 1-35; Page 49, Lines 1-10		SF 2463 (Pogemiller); HF xxx	New 355.095	Public employees hired before 1986 who are not required under federal law to have Medicare coverage and who have not previously elected Medicare coverage could elect Medicare coverage if the applicable governmental unit decides to permit the referendum.
7	Page 49, Lines 11-12	--	--	Effective Date	Effective immediately.
<b>Article 7: Supplemental Retirement Plan Coverage Changes</b>					
1	Page 49, Lines 15-36; Page 50, Lines 1-36; Page 51, Lines 1-2	Supplemental Retirement Plans	SF 2394 (Pogemiller); HF xxx and Commission Amendment	356.24, Subdivision 1	Extends supplemental plan status to Laborer's local pension fund and to International Assoc. of Machinists national pension fund; increases maximum employer-funded contribution for union supplemental plans from \$2,000 to \$5,000 annually.
2	Page 51, Lines 3-4	--	--	Effective Date	Effective immediately.
<b>Article 8: Retirement Fund Investment Authority Changes</b>					
1	Page 51, Lines 7-16	First Class City Teachers Plans	State Auditor's Recommendations (LCPR06-020)	354A.08	Permits investments through the SBI-administered Minnesota Supplemental Investment Fund.
2	Page 51, Lines 17-21	MTRFA	SF 2239 (Pogemiller); HF 2362 (Smith)	354A.28, Subdivision 5	Requires assets underlying the post-retirement adjustment mechanism be invested under M.S. Chapter 356A.
3	Page 51, Lines 22-35; Page 52, Lines 1-35; Page 53, Lines 1-26	Various Plans	SF 2428 (Pappas); HF xxx (Thissen)	356.219, Subdivision 3	Provides exception to certain larger retirement funds from certain specific investment performance reporting.
4	Page 53, Lines 27-36; Page 54, Lines 1-16	Various Plans	SF 2428 (Pappas); HF xxx (Thissen)	356.219, Subdivision 6	Adds provisions governing the calculation of asset class performance numbers by the State Auditor.
5	Page 54, Lines 17-36; Page 55, Lines 1-36; Page 56, Lines 1-36; Page 57, Lines 1-36; Page 58, Lines 1-11	Various Plans	SF 2239 (Pogemiller); HF 2362 (Smith)	356A.06, Subdivision 7	Permits broad investment in mutual funds or index funds, allows certain real estate investment trust securities, modifies limits for certain miscellaneous investment securities.

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6	Page 58, Lines 12-15	Various Plans	SF 2239 (Pogemiller); HF 2362 (Smith)	Uncoded	Allows until January 1, 2008, to dispose of nonconforming investments.
7	Page 58, Lines 16-17		--	Effective Date	Effective immediately.
<b>Article 9: Minneapolis Employees Retirement Fund Changes</b>					
1	Page 58, Lines 20-34	MERF	SF xxx; HF 853 (Kelliher)	422A.05, Subdivision 2c	Authorizes MERF to invest assets with the State Board of Investment.
2	Page 58, Line 35; Page 59, Lines 1-28	MERF	SF xxx; HF 853 (Kelliher)	422A.06, Subdivision 3	Allows for accounts receivable transfers instead of cash between the Deposit Accumulation Fund to the Retirement Benefit Fund.
3	Page 59, Lines 29-35; Page 60, Lines 1-15	MERF	SF xxx; HF 853 (Kelliher)	422A.06, Subdivision 5	Makes conforming change for the accounts receivable transfer procedure.
4	Page 60, Lines 16-34	MERF	SF xxx; HF 853 (Kelliher)	422A.06, Subdivision 7	Makes conforming change for the accounts receivable transfer procedure.
5	Page 60, Line 35; Page 61, Lines 1-36; Page 62, Lines 1-10	MERF	SF xxx; HF 853 (Kelliher)	422A.06, Subdivision 8	Makes conforming change for the accounts receivable transfer procedure.
6	Page 62, Lines 11-32	MERF	SF xxx; HF 853 (Kelliher)	422A.101, Subdivision 3	Corrects a reference to the maximum annual state contribution.
7	Page 62, Lines 33-34	MERF	SF xxx; HF 853 (Kelliher)	Repealer	Repeals M.S., Sec. 422A.101, Subd. 4, which imposes an additional liquidity transfer obligation.
8	Page 62, Line 35; Page 63, Lines 1-3	--	--	Effective Date	Effective upon local approval.
<b>Article 10: Minneapolis Police Relief Association Changes</b>					
1	Page 63, Lines 6-18	MPRA	SF xxx; HF 2577 (Mullery)	423B.07	Increases salaries for relief association board members.
2	Page 63, Lines 19-38; Page 64, Lines 1-26	MPRA	SF xxx; HF 2577 (Mullery)	423B.09, Subdivision 1	Extends 2005 benefit increase to members with less than 20 years of service credit.
3	Page 64, Lines 27-34	--	--	Effective Date	Each provision subject to a separate local approval action.
<b>Article 11: Clarification/Recodification of Statewide Specialty Retirement Plans</b>					
1	Page 64, Line 38; Page 65, Lines 1-2	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 1	Updates the grammatical style of the definitions purpose subdivision.
2	Page 65, Lines 3-11	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 1a	Adds actuarial equivalent definition.
3	Page 65, Lines 12-20	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 1b	Moves "average monthly salary" definition from former Subdivision 7.
4	Page 65, Lines 21-25	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 1c	Adds definition of "constitutional officer."
5	Page 65, Lines 26-34; Page 66, Lines 1-2	Legislators Plan	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 66, Lines 3-5	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 6	Clarifies reference in "director" definition.
7	Page 66, Lines 6-11	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 6b	Defines "former legislator."
8	Page 66, Lines 12-18	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 6c	Defines "member of the legislature."
9	Page 66, Lines 19-23	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 8	Eliminates obsolete pre-1982 provision from "normal retirement age" definition.
10	Page 66, Lines 24-27	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 9	Adds definition of "retirement."
11	Page 66, Lines 28-34; Page 67, Lines 1-4	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 10	Adds definition of "salary."
12	Page 67, Lines 5-9	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.011	Clarifies plan administration duties.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
13	Page 67, Lines 10-36; Page 68, Lines 1-21	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 1	Eliminates various obsolete date references in retirement annuity calculation provision.
14	Page 68, Lines 22-36; Page 69, Lines 1-7	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 1b	Clarifies references and upgrades the style and usage of the provision.
15	Page 69, Lines 8-13	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 3	Upgrades the language style and usage in the appropriation provision.
16	Page 69, Lines 14-36; Page 70, Lines 1-3	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 4	Eliminates obsolete dates and clarifies the language style of the deferred annuities augmentation provision.
17	Page 70, Lines 4-21	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 5	Clarifies the language style and usage of the optional annuities provision.
18	Page 70, Lines 22-28	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.03, Subdivision 1	Clarifies the language style and usage of the member contribution provision.
19	Page 70, Lines 29-34; Page 71, Lines 1-12	Legislators Plan	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 71, Lines 13-28	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 1	Clarifies the language style and usage of the surviving spouse provision.
21	Page 71, Lines 29-35; Page 72, Lines 1-24	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 2	Clarifies the language style and usage of the surviving child provision.
22	Page 72, Lines 25-29	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 3	Clarifies the language style and usage of the survivor benefit payment provision.
23	Page 72, Lines 30-36; Page 73, Lines 1-2	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 4	Clarifies the language style and usage of the death refund provision.
24	Page 73, Lines 3-7	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.04, New Subdivision 5	Adds current disbursements survivor benefit appropriation provision.
25	Page 73, Lines 8-19	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.05	Clarifies the language and style of the survivor benefit application provision.
26	Page 73, Lines 20-31	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.07	Clarifies that the second chance Social Security referendum election in 2002 was irrevocable.
27	Page 73, Lines 32-34; Page 74, Lines 1-7	Legislators Plan	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 74, Lines 8-36; Page 75, Lines 1-9	Legislators Plan	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 75, Lines 10-18	Legislators Plan	SF 428 (Betzold); HF 2091 (Smith)	3A.13	Divides the legal process exemption provision into paragraphs.
30	Page 75, Lines 19-26	Elective State Officers Plan	SF 427 (Betzold); HF 2092 (Smith)	New 352C.001	Applicability of the Elective State Officers Retirement Plan is specified.
31	Page 75, Lines 27-33	Elective State Officers Plan	SF 427 (Betzold); HF 2092 (Smith)	352C.091, Subdivision 1	Plan administration is clarified.
32	Page 75, Lines 34-35; Page 76, Lines 1-5	Elective State Officers Plan	Commission Amendment	352C.10	Removes repealed cross-reference.
33	Page 76, Lines 6-35; Page 77, Lines 1-26	MSRS- Unclassified	Commission Amendment	352D.02, Subdivision 1	Removes repealed cross-reference.
34	Page 77, Lines 27-35	--	--	Repealer	Repeals various provisions as obsolete or for recodification.
35	Page 78, Lines 1-2	--	--	Effective Date	Effective on July 1, 2006.

**Article 12: Judges Retirement Plan and Board of Judicial Standards Recodification**

1	Page 78, Lines 6-9	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 1	Updates the language and style of the definition introduction section.
2	Page 78, Lines 10-19	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.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
3	Page 78, Lines 20-27	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.
4	Page 78, Lines 28-31	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 6	Clarifies the language and style of the definition of "annuity."
5	Page 78, Lines 32-35	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.
6	Page 79, Lines 1-4	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 7a	Adds a definition of "approved actuary."
7	Page 79, Lines 5-8	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 7b	Moves the definition of "court" to its appropriate alphabetic placement.
8	Page 79, Lines 9-16	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.
9	Page 79, Lines 17-20	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.
10	Page 79, Lines 21-24	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 14	Augments the definition of "disability retirement date" by including a reference to a certification of the disability by the governor to the relevant individuals.
11	Page 79, Lines 25-28	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 15	Clarifies the language of the definition of "disability retirement annuity."
12	Page 79, Lines 29-33	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.
13	Page 80, Lines 1-5	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.
14	Page 80, Lines 6-15	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.
15	Page 80, Lines 16-19	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 21a	Moves the definition of "judge" to a more appropriate position.
16	Page 80, Lines 20-23	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.
17	Page 80, Lines 24-27	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.
18	Page 80, Lines 28-33	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.
19	Page 80, Lines 34-35; Page 81, Lines 1-2	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.
20	Page 81, Lines 3-8	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 22	Clarifies the language usage in the definition of "service credit limit."
21	Page 81, Lines 9-12	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 23	Transfers the definition "survivor annuity" to its appropriate alphabetical placement.
22	Page 81, Lines 13-16	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 24	Transfers the definition of "surviving spouse" to a more appropriate place.
23	Page 81, Lines 17-29	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.
24	Page 81, Lines 30-32; Page 82, Lines 1-7	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.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
25	Page 82, Lines 8-18	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.125, Subdivision 1a	Clarifies the language and style of the member contribution provision and adds a payroll deduction requirement.
26	Page 82, Lines 19-27	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.125, Subdivision 1b	Clarifies the language and style of the employer contribution provision.
27	Page 82, Lines 28-35	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.
28	Page 83, Lines 1-11	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 2	Clarifies the language and style of the fund treasurer provision.
29	Page 83, Lines 12-22	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 3	Divides the investment provision into paragraphs and clarifies references to MSRS.
30	Page 83, Lines 23-35; Page 84, Lines 1-4	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.
31	Page 84, Lines 5-20	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.
32	Page 84, Lines 21-25	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 3	Clarifies the language and style of the early reduced retirement provision.
33	Page 84, Lines 26-35; Page 85, Lines 1-8	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.
34	Page 85, Lines 9-19	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.
35	Page 85, Lines 20-31	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 8	Separates the normal retirement benefit savings clause into specific paragraphs.
36	Page 85, Lines 32-35; Page 86, Lines 1-13	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.
37	Page 86, Lines 14-27	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.
38	Page 86, Lines 28-35; Page 87, Lines 1-8	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 11	Clarifies the language and style of the optional survivors benefit provision.
39	Page 87, Lines 9-21	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.
40	Page 87, Lines 22-27	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.
41	Page 87, Lines 28-31	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.
42	Page 87, Lines 32-34; Page 88, Lines 1-2	Uniform Judges Plan	Commission Amendment	490.125, Subdivision 2	Removes cross-references to repealed provisions.
43	Page 88, Lines 3-27	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.126	Clarifies the language and style of the mandatory judicial retirement age provision.
44	Page 88, Lines 28-34; Page 89, Lines 1-8	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.133	Clarifies the style and language of the Court of Appeals transition provision.
45	Page 89, Lines 9-27	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.
46	Page 89, Lines 28-33; Page 90, Lines 1-29	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.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
47	Page 90, Lines 30-32	Board of Judicial Standards	Commission Amendment	New 490A.03	Moves Board of Judicial Standards provision specifying the persons affected by the board.
48	Page 90, Lines 33-34; Page 91, Lines 1-13	Uniform Judges Plan	Commission Amendment	525.05	Removes cross-references to repealed provisions.
49	Page 91, Lines 14-21	Uniform Judges Plan	Commission Amendment	Revisor's Instruction	Instructions to the Revisor of Statutes to correct various references to Uniform Judges Plan provisions.
50	Page 91, Lines 22-35; Page 92, Lines 1-8	--	--	Repealer	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 M.S., Chapter 490A.
51	Page 92, Lines 9-10	--	--	Effective Date	The article is effective on July 1, 2006.
<b>Article 13: Judges Retirement Plan and Related Changes</b>					
1	Page 92, Lines 13-30	Legislators Retirement Plan	Commission Amendment to SF 2462 (Pogemiller); HF 2852 (Smith)	3A.02, Subdivision 5	Resets starting age for "death while eligible" survivor coverage at age 55.
2	Page 92, Lines 31-36; Page 93, Lines 1-7	Legislators Retirement Plan	Commission Amendment to SF 2462 (Pogemiller); HF 2852 (Smith)	3A.04, Subdivision 1	Clarifies that automatic survivor benefit does not apply if "death while eligible" survivor benefit is payable.
3	Page 93, Lines 8-25	Judges Retirement Plan	SF 2462 (Pogemiller); HF 2852 (Smith)	490.124, Subdivision 9	Adds a provision that an active judge who dies in office and would have been eligible to retire on the date of death will be deemed by law to have selected a 100 percent joint and survivor optional annuity covering the judge's surviving spouse on the date of death.
4	Page 93, Lines 26-29	--	--	Effective Date	Effective immediately. Judges Retirement Plan change effective retroactively to January 1, 2006.
<b>Article 14: Volunteer Firefighter Relief Association Changes</b>					
1	Page 93, Lines 32-36; Page 94, Lines 1-36; Page 95, Lines 1-17	VFRAs	Commission Amendment	6.72	Provides the Office of the State Auditor flexibility in the manner in which data on the financial condition of volunteer firefighter relief associations is presented in order to provide a fair representation of the condition of these pension plans.
2	Page 95, Lines 18-32	VFRAs	Commission Amendment	424A.001, New Subdivision 10	Defines the term "volunteer firefighter," for volunteer firefighter relief association benefit coverage for post-July 1, 2006 firefighters, as fire department members who are eligible for relief association membership, who are engaged in emergency response services or fire prevention activities who are trained in fire suppression or fire prevention, and who meet any other fire department or volunteer firefighter relief association bylaws.
3	Page 95, Lines 33-36; Page 96, Lines 1-5	VFRAs	Commission Amendment	424A.02, Subdivision 8	Expands the existing authority for service pensioners to approve an institution-to-institution transfer of a lump sum pension to an individual retirement account to include transfers of lump sum survivor benefits by survivors.
4	Page 96, Lines 6-29	VFRAs	Commission Amendment	424A.05, Subdivision 3	Expands the current authorization of volunteer firefighter relief association survivor benefits to the surviving spouse and children of a deceased active firefighter to permit death benefits to a deceased firefighter's estate if there are no survivors or designated beneficiaries.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
5	Page 96, Lines 30-34; Page 97, Lines 1-17	Randall VFRA	SF 2360 (Koering); HF 2747 (Blaine)	Uncoded	Authorizes retroactive bylaw amendment implementing permitted minimum survivor benefit.
6	Page 97, Lines 18-25	--	--	Effective Date	Sections 1 and 4 are effective July 1, 2006. Section 2 is effective January 1, 2008. Section 3 is effective retroactive to January 1, 2006. Section 5 is effective upon local approval.

**Article 15: One Person and Small Group Changes**

1	Page 97, Lines 28-34; Page 98, Lines 1-35; Page 99, Lines 1-34; Page 100, Lines 1-5	PERA-P&F	SF 2104 (Foley); HF 2311 (Hortman)	Uncoded	Authorizes an individual who had been a member of the local St. Paul Fire Relief Association for service as a firefighter but who did not qualify for a benefit from that plan, to receive a PERA-P&F annuity based on his St. Paul firefighting service, with the cost to be paid by St. Paul.
2	Page 100, Lines 6-34	PERA-P&F	SF 2141 (Pogemiller); HF 2219 (Fritz)	Uncoded	Authorizes a certain Faribault firefighter, who is a PERA-P&F member due to that employment, to purchase service credit for a period from November 21, 1984, to March 16, 1985, when the individual was working as a firefighter for the city but was not in the plan due to an error made by the City of Faribault.
3	Page 101, Lines 1-24	TRA	SF 1736 (Day); HF 1978 (Ruth)	Uncoded	Allows a current teacher and TRA member to purchase up to ten years of service credit at full actuarial value for out-of-state teaching service in Montana.
4	Page 101, Lines 25-35; Page 102, Lines 1-10	PERA-General	SF 1995 (LeClair); HF 2196 (Charron)	Uncoded	Permits a current public defender to purchase 21 months of prior part-time public defender service at full actuarial value.
5	Page 102, Lines 11-26	PERA-P&F	SF xxx; HF 2026 (Hoppe)	Uncoded	Permits a current Minnetonka police officer and former union business agent to purchase 12 months of PERA-P&F allowable service credit with the payment of the full actuarial value of the additional retirement annuity obtained by the service credit purchase determined under Minnesota Statutes, Sec. 356.551.
6	Page 102, Lines 27-36; Page 103, Lines 1-35	PERA-General	SF xxx; HF 2799 (Abeler-by request)	Uncoded	Permits a former municipal golf course pro to purchase up to 14 and a fraction years of service credit for uncredited service at the Greenhaven Golf Course at Anoka, Minnesota, with the payment of the full actuarial value of the benefit to be obtained by the purchase, with the City of Anoka responsible for the balance of the purchase payment cost.
7	Page 104, Lines 1-31	TRA	SF xxx (Gerlach); HF xxx	Uncoded	Permits a current teacher and TRA member to repay to TRA as if it were a refund an amount of member and employer contributions previously transferred to MSRS-Unclassified under Laws 1984, Ch. 614, Sec. 6, Subd. 3, plus interest on the principal amount at an annual compound rate of 8.5 percent from 1985 until repayment, and thereby to have 10 years of TRA service credit reinstated.
8	Page 104, Lines 32-36; Page 105, Lines 1-36; Page 106, Lines 1-6	TRA: MnSCU	SF 2248 (Skoglund); HF 2462 (Wagenius)	Uncoded	Allows a MnSCU employee to transfer prospective retirement coverage from IRAP to TRA, and past coverage to TRA beginning on January 1, 1995, with the individual responsible for paying the full actuarial value of the pension plan coverage change.

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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
9	Page 106, Lines 7-33	TRA	Commission Amendment	Uncoded	Allows a West St. Paul public school teacher for whom a medical leave was not reported to TRA and did not make necessary contributions to purchase the service credit at full actuarial value, with employer payment of most of the payment amount.
10	Page 106, Lines 34-35; Page 107, Lines 1-9	TRA	Commission Amendment	Uncoded	Allows teachers with uncredited time in the International Falls or Red Wing school strikes to purchase the service credit at full actuarial value.
11	Page 107, Lines 10-37; Page 108, Lines 1-25	PERA-General	SF xxx; HF 2523 (Ozment);	Uncoded	Allows up to nine Bloomington public school custodians with uncredited employment in their early careers to purchase the service credit at full actuarial value, with the employer payment of the bulk of the payment amount.
12	Page 108, Lines 26-36; Page 109, Lines 1-31	PERA-General	SF xxx (Pogemiller); HF xxx	Uncoded	Allows the former mayor of St. Paul to reverse a previous benefit coverage election of the PERA-Defined Contribution Plan and elect PERA-General coverage, with full actuarial value payment.
13	Page 109, Lines 32-36; Page 110, Lines 1-29	MSRS-General	SF 2047 (Michel); HF 2230 (Peterson, N)	Uncoded	Allows the immediate commencement of retirement annuity divided in a marriage dissolution if a court finds the former State employee's decision not to retire solely to frustrate the judgment awarded to the ex-spouse.
14	Page 110, Lines 30-36; Page 111, Lines 1-36; Page 112, Lines 1-3	MERF	SF 1562 (Ourada); HF 1395 (Anderson, B);	Uncoded	Permits the purchase of up to two years of service and to have the City of Minneapolis finance half of the full actuarial value service credit purchase price for a previously disabled Minneapolis laborer.
15	Page 112, Lines 4-12	--	--	Effective Date	Generally effective upon final enactment.



1.1 Senator ..... moves to amend S.F. No. 2239 as follows:

1.2 Page 54, lines 26 to 29, delete the new language