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Senator Higgins from the Committee on State and Local Government Operations, to which was referred the following appointment:

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OFFICE OF ENTERPRISE TECHNOLOGY

1.5

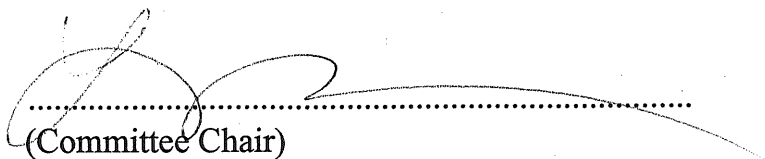
STATE CHIEF INFORMATION OFFICER

Gopal K. Khanna

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Reports the same back with the recommendation that the appointment be confirmed.

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.....
(Committee Chair)

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1.10

March 1, 2006
(Date of Committee recommendation)

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Senator Johnson, D.E. moved that the foregoing committee report be laid on the table. The motion prevailed.

APPOINTMENT LETTER FOR SENATE CONFIRMATION

FILE NUMBER **056**

REPORTED IN THE SENATE JOURNAL **3/1/2006**

APPOINTMENTS TO THE **Office of Enterprise Technology**

APPOINTEES AND TERMS:

Gopal K. Khanna

8/15/2005-1/1/2007

REFERRED TO THE COMMITTEE ON **State and Local Government Operations**



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

July 26, 2005

The Honorable James P. Metzen
President of the Senate
322 State Capitol
Saint Paul, Minnesota 55155

Dear Senator Metzen:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

State Chief Information Officer – Office of Enterprise Technology:

Gopal K. Khanna, 6605 Nordic Drive, Edina, Minnesota 55439, in the county of Hennepin, effective August 15, 2005, for a four-year term that expires on January 1, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Pawlenty".

Tim Pawlenty
Governor

TP/jh

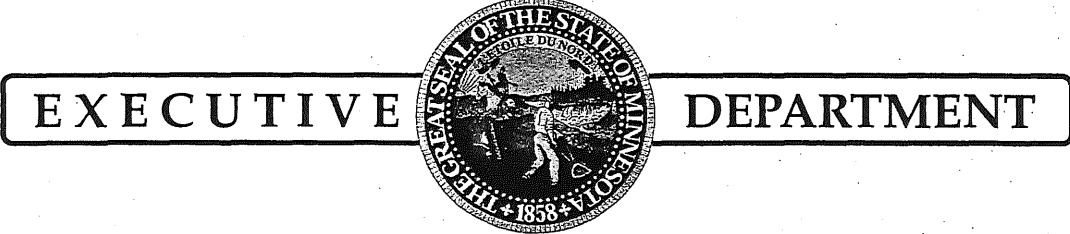
Enclosures

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President of the Senate

STATE of MINNESOTA



TIM PAWLENTY
GOVERNOR

NOTICE OF APPOINTMENT

GOPAL K. KHANNA

6605 Nordic Drive
Edina, Minnesota 55439
County of Hennepin
Congressional District Three

Because of the special trust and confidence I have in your integrity, judgment and ability, I have appointed and commissioned you to have and to hold the said office of:

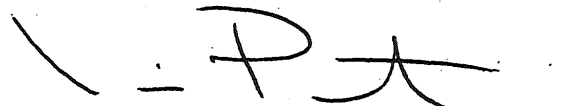
STATE CHIEF INFORMATION OFFICER **OFFICE OF ENTERPRISE TECHNOLOGY**

Effective: August 15, 2005
Term Expires: January 1, 2007

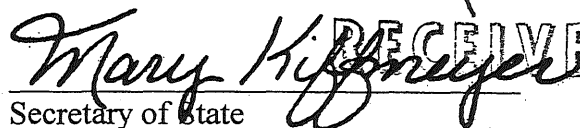
This appointment carries with it all rights, powers, duties, and emoluments granted by law and pertaining to this position until this appointment is superseded or annulled by me or other lawful authority or by any law of this State.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the Capitol in the City of Saint Paul, July 26, 2005.





Governor



Secretary of State

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Replacing: Keith Payden

GOPAL K. KHANNA

1260 21st Street, NW, Unit # 1000
Washington, DC 20036
C - (952) 484-5123 E-mail: gopal.khanna@gmail.com

EXECUTIVE SUMMARY

An accomplished leader with private sector experience in senior corporate executive positions; entrepreneurial background in building start-up ventures; and successful stint in the public sector in senior policy positions at a highly visible Federal Agency with worldwide operations.

- Accomplished in Technology, Finance, Administration, and International Development.
- Served in multiple positions as a senior political appointee with top security clearance.
- Crafter of strategies with ability to link organizational vision to strategy and tactics to outcomes.
- Service oriented collaborative peer with extraordinary capacity to persuade and influence people.
- Innovative, organized, entrepreneurial minded problem-solver with international experience.
- Demonstrated strong capacity for policy formulation, program direction, and implementation.

ACADEMIC BACKGROUND

Master of Business Administration (MBA), University of Maine.
Bachelor of Arts (BA), Christ Church College, Kanpur, India.

PROFESSIONAL HISTORY

EXECUTIVE OFFICE OF THE PRESIDENT, Washington, D.C. 5/05 - current

Chief Financial Officer of the Executive Office of the President, Office of Administration

- Chief Financial Officer 5/05 - current

U.S. PEACE CORPS, Washington, D.C. 6/02 - 5/05

Founded by President John F. Kennedy, Peace Corps is an independent agency in the executive branch of the United States Government that has facilitated development/humanitarian services provided by 178,000 volunteers in 136 countries during the last 44 years. Positions held:

- Chief Financial Officer 9/03 - 5/05
- CIO/Acting CFO 2/03 - 9/03
- Chief Information Officer 6/02 - 2/03

As CFO served as the first-line Senior Foreign Service level political appointee policy advisor to the Director of the Peace Corps on matters related to agency's planning, congressional appropriations, budget allocation, acquisition, contracts, procurement, and financial operations. As CIO was responsible for strategizing and directing all the information technology functions for the organization's worldwide operations. Amongst others, accomplishments included:

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- Led the implementation of a new, integrated, highly complex financial management system, with ORACLE at the backend, for the agency's domestic offices and overseas operations in 72 countries on four continents, thereby providing a scalable platform to support the organization's growth in the 21st century and congressionally mandated financial reporting requirements, including issuance of the first set of audited financial statements in agency's 43 year history.
- Provided leadership and oversight for business process re-engineering/transformation of the Agency's financial operations in support of the organization's migration to accrual accounting system with the objective of meeting federal regulatory requirements to achieve audit compliance.
- Established an Enterprise Architecture program that provides the framework and methodology for the design, development, and deployment of a customer/citizen centric systems modernization strategy that continuously improves productivity and service, and reduces cost of operations.
- Collaborated with peers and internal customers to align the IT initiatives with the organization's mission requirements by institutionalizing an investment review board/priority setting process.
- Led the roll-out of a standardized operating platform for Agency's 72 posts, thereby providing the basis for worldwide implementation of new mission critical systems in a cost-effective manner.

INTERNATIONAL TECHNOLOGY CONSULTANTS, INC., Minnesota

1/96 – 6/02

ITC, a management and information technology consulting firm specialized in providing clients in Fortune 1000 companies with business process improvement, project management, and software product development services. Positions held:

- President & CEO 1/96 – 6/02

Responsible for P&L management; venture strategies; business development; partnerships; sales; and all enterprise operations for building a profitable start-up consulting firm. Amongst others, accomplishments included:

- Developed business/financial strategies, assembled management team, and built market share for a start-up management/information technology-consulting firm. One location single-service venture developed into a multi-location provider of high-value solutions to Fortune 1000 companies in key industry segments.
- Led the development and deployment of an e-commerce portal. Implementation resulted in transforming a single-store specialty-goods business into a click and mortar venture that is profitably marketing and distributing products in targeted markets within United States and overseas.
- Founded multi-industry/technology-focused start-up venture that leveraged firm's knowledge capital using an incubator business model to launch a patent-pending technology solution.
- Conducted studies on overseas markets and explored joint venture opportunities for United States Insurance/Financial services companies and foreign partners with the objective of marketing Life, Health, Annuity, and Commercial Insurance products in emerging markets worldwide.

AMERICAN HARDWARE INSURANCE GROUP, Minnesota

4/90 – 6/95

AHIG, a 100 plus-year old multi-line nationwide Property and Casualty insurance company with market share in 35 states is part of Ohio based Motorists Mutual group of companies. Positions held:

- Vice President – Information Systems Division (CIO) 1/94 – 6/95
- Vice President – Applications Development 1/92 – 1/94
- Vice President – Data Processing Operations 4/90 – 1/92

Amongst others, accomplishments included:

- Responsible for successfully leading all information technology functions and corporate administration with the objective of supporting operations nationwide, providing competitive advantage, and improving profitability with direct report to COO.
- Established and led a senior executive Corporate Steering Committee that assured ongoing synchronization of corporate/divisional business objectives and MIS development.
- Developed and implemented a five-year applications development plan that provided the blueprint for delivering integrated systems that automated complete business processes, and served as the basis for operational, tactical, and strategic direction for all IT functions.
- Implemented a customer-driven approach to systems development based on teamwork, service, and process improvement focus. Transformed a highly technical staff into business-oriented Consulting group that provided business solutions on schedule. Approach resulted in high customer satisfaction and improved relationship with customers.
- Achieved smooth assimilation of two IT organizations and transition of services and organizational control to one during merger of geographically dispersed insurance groups.

NATIONAL COUNCIL ON COMPENSATION INSURANCE, Florida

3/81 – 3/90

NCCI is the nation's largest information company serving the workers' compensation marketplace including independent bureaus, agents, regulatory authorities, legislatures, and more than 700 insurance companies. Positions held:

- Director – Data Processing Operations 2/87 – 3/90
- Director – Strategic Planning and Control 12/85 – 2/87
- Manager – MIS Administration 7/83 – 11/85
- Financial Systems Analyst 3/81 – 6/83

Amongst others, accomplishments included:

- Built a state-of-the-art computer center with 24/7 support structure/processes for the organization's nationwide internal/external customers and consistently met or exceeded Service Level Agreements/customer expectations.
- Led the planning, development and implementation of Help Desk, Charge Back System and Disaster Recovery Plan. Coordinated all Hardware and Software acquisition, including contract negotiation. Results – improved service and reduced expenses for the organization.
- Developed and implemented Business Processing Outsourcing strategies that resulted in improved service, reduced costs, and enhanced organizational focus on leveraging enterprise core-competencies.

MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, New York

4/74 – 2/81

The MONY Group, acquired by AXA, a major global financial services organization, offering a broad array of financial products including, life and health insurance. Positions held:

- Asst. Director/Coordinator – Merchandising and Training Systems 6/80 – 2/81
- Sales Manager 9/76 – 5/80
- Field Underwriter 4/74 – 8/76

Amongst others, accomplishments included:

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- Developed and implemented new market entry strategies that served as the basis for the organization's extremely profitable expansion in niche markets nationwide.
- Managed recruitment, development, and supervision of sales staff for a high-end full-service insurance agency in a highly competitive market segment.
- Directed management training, including development and delivery of training programs for the company's agents and management located nationwide.

COMMUNITY AFFAIRS

Has a long history of civic and charitable involvement. Notable amongst others, from 1993-1994 served former Republican Governor Arne Carlson as his appointee to the Minnesota Academic Excellence Foundation. Work with Governor Carlson resulted in a Trade Delegation to India in 1995, which improved commercial ties between Minnesota and India. In 1998, was invited by the Center of the American Experiment, a conservative think tank, to serve as a task force member and to participate in deliberations that led to the publishing of the Minnesota Policy Blueprint. Over the years, has been involved with many community-based non-profits, NGOs and professional organizations and has served as a member of the board of directors of the Minnesota International Center, the Minnesota Minority Supplier Development Council, and member board of trustees of the Hindu Society of Minnesota.

Frequently writes, speaks, and has been quoted on several occasions in local and ethnic newspapers on issues related to Information Technology, Business Process Transformation, Global Markets, International Development, and Diversity Management. Has appeared as a guest and has been interviewed on cable TV programs including; Washington DC based Darshan; Minnesota based Chai City; and New York-based Vision of Asia; radio stations like Minnesota-based MPR and New York-based ethnic station Bharat Vani; and Minnesota-based KSTP-TV Channel 5 Eyewitness News. Hobbies and special interests include walking, meditation, and community service.

Public Official Information**Office of Enterprise Technology**

Name: Khanna, Gopal
Occupation: State Chief Info. Officer
Business Address: Centennial Office Building
658 Cedar St
St Paul, MN 55155

Employer Name: Office of Enterprise Technology

Appointment Date: 08/15/05

Sources of Compensation**Applicable categories**

Name of Source	Director	Officer	Owner	Member	Partner	Employer	Employee	Honorarium
EOP/Ofc of Admin, Wash. DC								X

Securities**Name of Securities**

International Insurance Consulting Group
International Techology Consultants, Inc
ITCI (India) Pub, Ltd
Netchanue, Inc

Real Property

None Reported

Pari-Mutuel Horse Racing Interests

None Reported

LINKS	
<u>Current Agency</u>	<u>Agency Index</u>
<u>Current Public Official</u>	<u>Public Official Index</u>
<u>Campaign Finance Home Page</u>	



OFFICE OF GOVERNOR TIM PAWLENTY
130 State Capitol ♦ Saint Paul, MN 55155 ♦ (651) 296-0001

NEWS RELEASE

FOR IMMEDIATE RELEASE:
July 25, 2005

Contact: Brian McClung
(651) 296-0001

GOVERNOR PAWLENTY APPOINTS GOPAL KHANNA AS STATE CHIEF INFORMATION OFFICER

~ Move will help assure efficient use of technology across state government ~

St. Paul – Continuing his efforts for reform and accountability in state government, Governor Tim Pawlenty today named Gopal Khanna to his Cabinet as the first State Chief Information Officer (CIO), effective August 15, 2005. Khanna, 55, a resident of Edina, Minnesota, recently served in the administration of President George W. Bush where he held several positions including CIO and CFO of the U.S. Peace Corps in Washington, D.C.

"Citizens demand and deserve more and better service from their government," Governor Pawlenty said. "By creating this Commissioner level Cabinet position and with Gopal's exceptional leadership, we are now ready to take next steps to more strategically employ technology across all of state government and live up to our citizen commitment."

The appointment of the State CIO continues Pawlenty's internal government reform agenda known as the "Drive to Excellence" which began in September 2004. As a result of the "Drive" effort, in April of this year, Pawlenty issued executive orders to reform the state's information technology, grant management, purchasing, licensing, building codes, and property management operations.

The position of State Chief Information Officer which reports directly to the Governor was created to provide leadership for state government's information and telecommunications technology resources and policies, as well as to have a member of the Cabinet to serve as the principal technology advisor to the Governor. The position pays \$120,000.

Through internal restructuring, Khanna will now lead the newly created Office of Enterprise Technology, with a budget of \$83 million and staff of over 300. Minnesota state government is estimated to spend \$600 million per year on information technology through 66 different agencies, 1,000 networks and operates over 500 websites.

"The vision Governor Pawlenty has set before me is to improve government service through cost effective use of technology," Khanna said. "I feel honored and humbled to have this opportunity to serve my state, and am looking forward to working with my colleagues to further the Governor's reform agenda."

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- more -

JUL 27 2005

www.governor.state.mn.us ♦ (651) 296-0001 ♦ (651) 296-0056 fax

President of the Senate

Khanna is credited with leading major reforms at the Peace Corps. He was responsible for successful implementation of standardized computing platform for the agency's 72 posts worldwide; design and implementation of an enterprise architecture program which serves as the framework for the agency's systems modernization strategy; and transformation of financial management systems.

Khanna resides in Edina with his wife Anjali and two children. Prior to his service in the administration of President George W. Bush, Khanna was in the private sector where he held several senior executive positions in information technology, operations, and management consulting. Khanna has a B.A. in economics, mathematics, and political science from Christ Church College in Kanpur, India and holds an M.B.A. from the University of Maine.

--30--

Senator Pogemiller introduced--

S.F. No. 2239: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to retirement; Minneapolis Teachers
3 Retirement Fund Association and expanded list plans;
4 clarifying mutual fund authority; revising investment
5 authority to exclude below-investment grade bonds;
6 amending Minnesota Statutes 2004, sections 354A.28,
7 subdivision 5; 356A.06, subdivision 7.

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

9 Section 1. Minnesota Statutes 2004, section 354A.28,
10 subdivision 5, is amended to read:

11 Subd. 5. [INVESTMENT.] The assets of the annuity reserve
12 fund must be invested, reinvested, and retained ~~in the~~
13 ~~discretion of~~ by the board of trustees of the Minneapolis
14 Teachers Retirement Fund Association in authorized investments
15 under section ~~354A.24~~ 356A.06, subdivision 7.

16 Sec. 2. Minnesota Statutes 2004, section 356A.06,
17 subdivision 7, is amended to read:

18 Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT
19 SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise
20 authorized by law ~~or by laws~~, a covered pension plan not
21 described by subdivision 6, paragraph (a), ~~may~~ shall invest its
22 assets only in accordance with this subdivision.

23 (b) [SECURITIES GENERALLY.] The covered pension plan has
24 the authority to purchase, sell, lend, or exchange the
25 securities specified in paragraphs (c) to ~~(g)~~ (h), including
26 puts and call options and future contracts traded on a contract

1 market regulated by a governmental agency or by a financial
2 institution regulated by a governmental agency. These
3 securities may be owned as units in commingled trusts that own
4 the securities described in paragraphs (c) to ~~(g)~~ (h).

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

23 (d) [CORPORATE OBLIGATIONS.] The covered pension plan may
24 invest funds in bonds, notes, debentures, transportation
25 equipment obligations, or any other longer term evidences of
26 indebtedness issued or guaranteed by a corporation organized
27 under the laws of the United States or any state thereof, or the
28 Dominion of Canada or any province thereof if they conform to
29 the following provisions:

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

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

36 (e) [OTHER OBLIGATIONS.] (1) The covered pension plan may

1 invest funds in bankers acceptances, certificates of deposit,
2 deposit notes, commercial paper, mortgage participation
3 certificates and pools, asset backed securities, repurchase
4 agreements and reverse repurchase agreements, guaranteed
5 investment contracts, savings accounts, and guaranty fund
6 certificates, surplus notes, or debentures of domestic mutual
7 insurance companies if they conform to the following provisions:

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

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

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

23 (iv) mortgage participation or pass through certificates
24 evidencing interests in pools of first mortgages or trust deeds
25 on improved real estate located in the United States where the
26 loan to value ratio for each loan as calculated in accordance
27 with section 61A.28, subdivision 3, does not exceed 80 percent
28 for fully amortizable residential properties and in all other
29 respects meets the requirements of section 61A.28, subdivision
30 3;

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

34 (vi) guaranteed investment contracts are limited to those
35 issued by insurance companies or banks rated in the top four
36 quality categories by a nationally recognized rating agency or

1 to alternative guaranteed investment contracts where the
2 underlying assets comply with the requirements of this
3 subdivision;

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

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

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

12 (3) In addition to investments authorized by clause (1),
13 item (iv), the covered pension plan may purchase from the
14 Minnesota Housing Finance Agency all or any part of a pool of
15 residential mortgages, not in default, that has previously been
16 financed by the issuance of bonds or notes of the agency. The
17 covered pension plan may also enter into a commitment with the
18 agency, at the time of any issue of bonds or notes, to purchase
19 at a specified future date, not exceeding 12 years from the date
20 of the issue, the amount of mortgage loans then outstanding and
21 not in default that have been made or purchased from the
22 proceeds of the bonds or notes. The covered pension plan may
23 charge reasonable fees for any such commitment and may agree to
24 purchase the mortgage loans at a price sufficient to produce a
25 yield to the covered pension plan comparable, in its judgment,
26 to the yield available on similar mortgage loans at the date of
27 the bonds or notes. The covered pension plan may also enter
28 into agreements with the agency for the investment of any
29 portion of the funds of the agency. The agreement must cover
30 the period of the investment, withdrawal privileges, and any
31 guaranteed rate of return.

32 (f) [CORPORATE STOCKS.] The covered pension plan may
33 invest funds in stocks or convertible issues of any corporation
34 organized under the laws of the United States or the states
35 thereof, the Dominion of Canada or its provinces, or any
36 corporation listed on the New York Stock Exchange or the

1 American Stock Exchange, if they conform to the following
2 provisions:

3 (1) the aggregate value of corporate stock investments, as
4 adjusted for realized profits and losses, plus the aggregate
5 value of investments under paragraph (h), must not exceed 85
6 percent of the market or book value, whichever is less, of a
7 fund~~7-less-the-aggregate-value-of-investments-according-to~~
8 subdivision-6; and

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

11 (g) [COMINGLED OR MUTUAL INVESTMENTS.] The covered pension
12 plan may invest in index funds or mutual funds, including index
13 mutual funds, through bank-sponsored collective funds and shares
14 of open-end investment companies registered under the Federal
15 Investment Company Act of 1940, if the investments of the index
16 or mutual fund comply with paragraphs (c) to (f), and paragraph
17 (h), clause (1)(iv).

18 (h) [OTHER INVESTMENTS.] (1) In addition to the
19 investments authorized in paragraphs (b) to ~~(f)~~ (g), and subject
20 to the provisions in clause (2), the covered pension plan may
21 invest funds in:

22 (i) venture capital investment businesses through
23 participation in limited partnerships and corporations;

24 (ii) real estate ownership interests or loans secured by
25 mortgages or deeds of trust through investment in limited
26 partnerships, bank sponsored collective funds, trusts, and
27 insurance company commingled accounts, including separate
28 accounts;

29 ~~(iii) regional-and-mutual-funds-through-bank-sponsored~~
30 ~~collective-funds-and-open-end-investment-companies-registered~~
31 ~~under-the-Federal-Investment-Company-Act-of-1940;~~

32 ~~(iv)~~ resource investments through limited partnerships,
33 private placements, and corporations; and

34 ~~(v)~~ (iv) international securities; and

35 (v) high yield bonds or emerging market debt; up to no more
36 than five percent of total fund assets.

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

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

6 (ii) there must be at least four unrelated owners of the
7 investment other than the ~~state-board~~ covered pension plan for
8 investments made under clause (1), item (i), (ii), or (iii)~~-or~~
9 ~~(iv)~~;

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

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

18 Sec. 3. [TRANSITION PROVISION.]

19 A covered pension plan with investments that on the day
20 prior to the effective date of this section do not comply with
21 section 2 shall divest of any assets not in compliance before
22 January 1, 2008.

23 Sec. 4. [EFFECTIVE DATE.]

24 Sections 1 to 3 are effective the day following final
25 enactment.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *LAM*

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 Reinstated 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, creates unclaimed account procedures, 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 disabilitant 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 disabilitant 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. Extends the Legislators Retirement Plan “death while eligible to retire” survivor coverage from age 60 to age 55 and creates a “death while eligible to retire” survivor benefit for the Judges Retirement Plan, retroactive to January 1, 2006.

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
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Senator Lawrence Pogemiller
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Senator Keith Langseth
Senator Cal Larson
Senator Geoff Michel
Tom Bottern, Senate Counsel and Research
Kevin Lundeen, Senate Fiscal Analyst
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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
Article 1: MSRS Contribution Rate Increases					
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.
Article 2: MSRS-Correctional Retirement Plan Changes					
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 referer for central services administrative specialist, intermediate, central service 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 MCR-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.
Article 3: Retirement Plan Administrative Provisions					
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.

Summary of delete-everything amendment LCPR06-121

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
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 member 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.

Summary of delete-everything amendment LCPR06-121

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.

Summary of delete-everything amendment LCPR06-121

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
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 a 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.

Article 6: Social Security Coverage Changes

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.

Article 7: Supplemental Retirement Plan Coverage Changes

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.

Article 8: Retirement Fund Investment Authority Changes

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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Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
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.
Article 9: Minneapolis Employees Retirement Fund Changes					
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.
Article 10: Minneapolis Police Relief Association Changes					
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.
Article 11: Clarification/Recodification of Statewide Specialty Retirement Plans					
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 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)	490.123, 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)	490.123, 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 aff 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.
Article 13: Judges Retirement Plan and Related Changes					
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.
Article 14: Volunteer Firefighter Relief Association Changes					
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 prese in order to provide a fair representati 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.

Summary of delete-everything amendment LCPR06-121

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 reported to TRA and did not make necessary contributions to purchase a 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 moves to amend S.F. No. 2239; H.F. No. 2362, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 " **ARTICLE 1**

1.4 **MINNESOTA STATE RETIREMENT SYSTEM**

CONTRIBUTION INCREASES

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

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

1.9	<u>before July 1, 2007</u>	<u>4.00</u>
1.10	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
1.11	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
1.12	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
1.13	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

1.14 These contributions must be made by deduction from salary as provided in
1.15 subdivision 4.

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

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

1.19	<u>before July 1, 2007</u>	<u>4.00</u>
1.20	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
1.21	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
1.22	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
1.23	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

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

1.26 Subdivision 1. Application. This section applies to the general state employees
1.27 retirement plan and the correctional state employees retirement plan under this chapter,
1.28 and to the state patrol retirement plan under chapter 352B.

2.1 **Subd. 2. Determination.** For purposes of this section, a contribution sufficiency
2.2 exists if, for purposes of the applicable plan, the total of the employee contributions,
2.3 the employer contributions, and any additional employer contributions, if applicable,
2.4 exceeds the total of the normal cost, the administrative expenses, and the amortization
2.5 contribution of the retirement plan as reported in the most recent actuarial valuation of the
2.6 retirement plan prepared by the actuary retained under section 356.214 and prepared under
2.7 section 356.215 and the standards for actuarial work of the Legislative Commission on
2.8 Pensions and Retirement. For purposes of this section, a contribution deficiency exists
2.9 if, for the applicable plan, the total employee contributions, employer contributions, and
2.10 any additional employer contributions are less than the total of the normal cost, the
2.11 administrative expenses, and the amortization contribution of the retirement plan as
2.12 reported in the most recent actuarial valuation of the retirement plan prepared by the
2.13 actuary retained under section 356.214 and prepared under section 356.215 and the
2.14 standards for actuarial work of the Legislative Commission on Pensions and Retirement.

2.15 **Subd. 3. Contribution rate revision.** Notwithstanding the contribution rate
2.16 provisions stated in plan law, the employee and employer contribution rates must be
2.17 adjusted:

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

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

2.29 **Subd. 4. Reporting, commission review.** (a) The contribution rate increase or
2.30 decrease must be determined by the executive director of the Minnesota State Retirement
2.31 System, must be reported to the chair and the executive director of the Legislative
2.32 Commission on Pensions and Retirement on or before the next February 1, and, if the
2.33 Legislative Commission on Pensions and Retirement does not recommend against the
2.34 rate change or does not recommend a modification in the rate change, is effective on the
2.35 next July 1 following the determination by the executive director that a contribution
2.36 deficiency or sufficiency has existed for two consecutive fiscal years based on the most

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

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

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

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

3.15	<u>before July 1, 2007</u>	<u>5.69</u>
3.16	<u>from July 1, 2007, to June 30, 2008</u>	<u>6.40</u>
3.17	<u>from July 1, 2008, to June 30, 2009</u>	<u>7.00</u>
3.18	<u>from July 1, 2009, to June 30, 2010</u>	<u>7.70</u>
3.19	<u>from July 1, 2010, and thereafter</u>	<u>8.60.</u>

3.20 These contributions must be made by deduction from salary as provided in section
 3.21 352.04, subdivision 4.

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

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

3.25	<u>before July 1, 2007</u>	<u>7.98</u>
3.26	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
3.27	<u>from July 1, 2008, to June 30, 2009</u>	<u>10.10</u>
3.28	<u>from July 1, 2009, to June 30, 2010</u>	<u>11.10</u>
3.29	<u>from July 1, 2010, and thereafter</u>	<u>12.10.</u>

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

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

3.34	<u>before July 1, 2007</u>	<u>8.40</u>
3.35	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
3.36	<u>from July 1, 2008, to June 30, 2009</u>	<u>9.80</u>
3.37	<u>from July 1, 2009, and thereafter</u>	<u>10.40.</u>

4.1 These contributions must be made by deduction from salary as provided in section
 4.2 352.04, subdivision 4.

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

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

4.7	<u>before July 1, 2007</u>	<u>12.60</u>
4.8	<u>from July 1, 2007, to June 30, 2008</u>	<u>13.60</u>
4.9	<u>from July 1, 2008, to June 30, 2009</u>	<u>14.60</u>
4.10	<u>from July 1, 2009, and thereafter</u>	<u>15.60.</u>

4.11 Department contributions must be paid out of money appropriated to departments
 4.12 for this purpose.

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

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

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

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

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

4.21 (e) For members of the legislature, the contributions under this subdivision also must
 4.22 be made on per diem payments received during a regular or special legislative session, but
 4.23 may not be made on per diem payments received outside of a regular or special legislative
 4.24 session, on the additional compensation attributable to a leadership position under section
 4.25 3.099, subdivision 3, living expense payments under section 3.101, or special session
 4.26 living expense payments under section 3.103.

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

4.30 Sec. 9. **EFFECTIVE DATE.**

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

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

4.33 **ARTICLE 2**

4.34 **MSRS-CORRECTIONAL RETIREMENT PLAN INCLUSIONS**

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

4.36 **352.90 POLICY.**

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

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

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

- 5.14 (1) a corrections officer 1;
- 5.15 (2) a corrections officer 2;
- 5.16 (3) a corrections officer 3;
- 5.17 (4) a corrections officer supervisor;
- 5.18 (5) a corrections ~~officer 4~~ lieutenant;
- 5.19 (6) a corrections captain;
- 5.20 (7) a security counselor; ~~or~~
- 5.21 (8) a security counselor lead; or
- 5.22 (9) a corrections canine officer.

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

5.24 Subd. 2. **Maintenance, correctional industry, and trades.** "Covered correctional
 5.25 service" also means service rendered at any time by state employees as maintenance
 5.26 personnel ~~and~~, correctional industry personnel, or members of trades certified by the
 5.27 commissioner of employee relations to the executive director as being ~~regularly~~
 5.28 for at least 75 percent of the employee's working time in the rehabilitation, treatment,
 5.29 custody, or supervision of inmates at a Minnesota correctional facility, or of patients at
 5.30 the Minnesota Security Hospital or ~~at the Minnesota Sexual Psychopathic Personality~~
 5.31 ~~Treatment Center~~ Sex Offender Program.

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

5.33 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by
 5.34 a state employee in one of the employment positions at a correctional facility or at the
 5.35 Minnesota Security Hospital, or in the Minnesota Sex Offender Program that are specified

6.1 in paragraph (b), ~~provided that if~~ at least 75 percent of the employee's working time is
 6.2 spent in direct contact with inmates or patients and the fact of this direct contact is certified
 6.3 to the executive director by the appropriate commissioner, ~~unless the person elects to~~
 6.4 ~~retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.~~

6.5 (b) The employment positions are as follows:

6.6 (1) registered nurse - senior;

6.7 (2) registered nurse;

6.8 (3) registered nurse - principal;

6.9 (4)

6.10 licensed practical nurse 2; and

6.11 (5) registered nurse practitioner advance practice.

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

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

6.20 (b) The employment positions are as follows: baker;; central services administrative
 6.21 specialist, intermediate;; central services administrative specialist, principal;; chaplain;
 6.22 chemical dependency counselor supervisor;; chief cook;; cook;; cook coordinator;
 6.23 ~~corrections behavior therapist, corrections behavior therapist specialist, corrections parent~~
 6.24 ~~education coordinator;~~; corrections program therapist 1; corrections program therapist 2;
 6.25 corrections program therapist 3; corrections inmate program coordinator; corrections
 6.26 transitions program coordinator;; corrections security caseworker;; corrections security
 6.27 caseworker career;; corrections teaching assistant;; delivery van driver;; dentist;; electrician
 6.28 supervisor;; general maintenance worker;; general repair worker;; laundry coordinator;
 6.29 library/information research services specialist;; library/information research services
 6.30 specialist senior;; library technician;; plumber supervisor;; psychologist 1;; psychologist
 6.31 3;; recreation therapist;; recreation therapist coordinator;; recreation program assistant;
 6.32 recreation therapist senior;; ~~stores clerk senior;~~; sports medicine specialist;; water treatment
 6.33 plant operator;; ~~work therapy technician;~~; work therapy assistant;; work therapy program
 6.34 coordinator; and work therapy technician.

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

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

7.5 Subd. 3e. **Minnesota extended treatment options program; Cambridge.** (a)

7.6 "Covered correctional service" means service by a state employee in one of the following
 7.7 employment positions with the Minnesota extended treatment options ~~on-campus~~ program
 7.8 ~~at the Cambridge Regional Human Services Center~~ specified in paragraph (b) if at least 75
 7.9 percent of the employee's working time is spent in direct contact with patients who are
 7.10 in the Minnesota extended treatment options program and if service in such a position
 7.11 is certified to the executive director by the commissioner of human services, ~~unless the~~
 7.12 ~~person elects to retain current retirement coverage under section 6.~~

7.13 (b) The employment positions are:

- 7.14 (1) behavior analyst 1;
- 7.15 (2) behavior analyst 2;
- 7.16 (3) behavior analyst 3;
- 7.17 (4) group supervisor;
- 7.18 (5) group supervisor assistant;
- 7.19 (6) human services support specialist;
- 7.20 ~~(3)~~ (7) mental retardation residential program lead;
- 7.21 ~~(4)~~ (8) psychologist 2;
- 7.22 ~~(5)~~ (9) recreation program assistant;
- 7.23 ~~(6)~~ (10) recreation therapist senior;
- 7.24 ~~(7)~~ registered nurse senior;(11)
- 7.25 ~~(8)~~ (12) skills development specialist; and
- 7.26 ~~(9)~~ (13) social worker senior;
- 7.27 (14) social worker specialist; and
- 7.28 (15) speech pathology specialist.

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

7.30 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered

7.31 correctional service" means service by a state employee in one of the employment
 7.32 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota
 7.33 ~~Sexual Psychopathic Personality Treatment Center, provided that Sex Offender Program~~ Program if
 7.34 at least 75 percent of the employee's working time is spent in direct contact with patients
 7.35 and the ~~fact~~ determination of this direct contact is certified to the executive director by the
 7.36 commissioner of human services.

- 8.1 (b) The employment positions are:
- 8.2 (1) behavior analyst 2;
- 8.3 (2) ~~licensed practical nurse 1~~ behavior analyst 3;
- 8.4 (3) chemical dependency counselor senior;
- 8.5 (4) client advocate;
- 8.6 (5) dental assistant registered;
- 8.7 (6) group supervisor;
- 8.8 (7) group supervisor assistant;
- 8.9 (8) licensed practical nurse 1;
- 8.10 (9) occupational therapist;
- 8.11 (10) occupational therapist, senior;
- 8.12 (11) office and administrative specialist senior;
- 8.13 ~~(4)~~ (12) psychologist 1;
- 8.14 (13) psychologist 2;
- 8.15 ~~(5)~~ (14) psychologist 3;
- 8.16 (15) recreation program assistant;
- 8.17 (16) recreation therapist senior;
- 8.18 (17) rehabilitation counselor senior;
- 8.19 (18) skills development specialist;
- 8.20 (19) social worker senior;
- 8.21 (20) social worker specialist;
- 8.22 ~~(6) behavior analyst 3~~ (21) social worker specialist, senior;
- 8.23 (22) speech pathology clinician;
- 8.24 (23) work therapy assistant; and
- 8.25 ~~(7) social worker senior~~ (24) work therapy program coordinator.

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

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

8.33 (b) The qualifying employment positions ~~and the designated correctional facilities~~
8.34 are:

- 8.35 (1) corrections discipline unit supervisor, ~~at the Minnesota Correctional~~
8.36 ~~Facility-Faribault, the Minnesota Correctional Facility-Lino Lakes, the Minnesota~~

9.1 ~~Correctional Facility-Oak Park Heights, the Minnesota Correctional Facility-Rush City,~~
9.2 ~~and the Minnesota Correctional Facility-St. Cloud;~~

9.3 (2) ~~dental assistant registered, at the Minnesota Correctional Facility-Faribault, the~~
9.4 ~~Minnesota Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose~~
9.5 ~~Lake, the Minnesota Correctional Facility-Oak Park Heights, and the Minnesota~~
9.6 ~~Correctional Facility-Red Wing;~~

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

9.9 (4) ~~psychologist 2, at the Minnesota Correctional Facility-Faribault, the Minnesota~~
9.10 ~~Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose Lake,~~
9.11 ~~the Minnesota Correctional Facility-Oak Park Heights, the Minnesota Correctional~~
9.12 ~~Facility-Red Wing, the Minnesota Correctional Facility-Rush City, the Minnesota~~
9.13 ~~Correctional Facility-St. Cloud, the Minnesota Correctional Facility-Shakopee, and the~~
~~Minnesota Correctional Facility-Stillwater; or~~ and

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

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

9.20 Subd. 3h. Employment occupation name changes. (a) If the occupational title of a
9.21 state employee covered by the Minnesota correctional employees retirement plan changes
9.22 from the applicable title listed in subdivision 1a, 2, 2a, 3c, 3d, 3e, 3f, or 3g, qualification
9.23 for coverage by the correctional state employees retirement plan continues until the July 1
9.24 next following the title change if the commissioner of employee relations certifies to the
9.25 executive director of the Minnesota State Retirement System and to the executive director
9.26 of the Legislative Commission on Pensions and Retirement that the duties, requirements,
9.27 and responsibilities of the new occupational title are substantially identical to the duties,
9.28 requirements, and responsibilities of the prior occupational title.

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

9.33 (c) For consideration by the Legislative Commission on Pensions and Retirement
9.34 during the legislative session next following an occupational title change involving a
9.35 state employee in covered correctional service, the commissioner of employee relations

10.1 shall submit the applicable draft proposed legislation accommodating the occupational
10.2 title change in this section.

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

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

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

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

10.17 (b) The review committee must include relevant department employees and
10.18 employee representatives. Periodically, the Department of Corrections will convene
10.19 meetings of the review committee. The review committee must review all requests and
10.20 the supporting documentation for coverage by the correctional employees retirement
10.21 plan and must determine which classes or positions meet the statutory requirements for
10.22 coverage. The review committee also must determine if incumbents of and recent retirees
10.23 from classes or positions determined for inclusion in correctional employees retirement
10.24 plan coverage have prior Department of Corrections employment which also qualified as
10.25 correctional service and which should be transferred from the general state employees
10.26 retirement plan to the plan and the initial date for each potential service credit transfer.

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

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

10.33 (e) All positions approved for inclusion must be forwarded to the commissioner
10.34 of corrections for the preparation of legislation to implement the coverage change and
10.35 submission. The commissioner will submit a written recommendation documenting
10.36 classes or positions that should or should not be covered by the correctional employees

11.1 retirement plan. Documentation of each request and the final determination must be
11.2 retained in the Department of Corrections' office of human resource management.

11.3 **Sec. 12. COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN**
11.4 **PERSONS.**

11.5 Subdivision 1. Election of prior state coverage. (a) An employee in the
11.6 occupational position of laundry coordinator or delivery van driver at the Minnesota
11.7 Correctional Facility-Faribault who has future retirement coverage transferred to the
11.8 correctional state employees retirement plan under section 5 is entitled to elect to obtain
11.9 prior service credit for eligible correctional state service performed after June 30, 1997,
11.10 and before July 1, 2006, with the Department of Corrections and an employee who had
11.11 future retirement coverage transferred to the correctional state employees retirement
11.12 plan under Laws 2004, chapter 267, article 1, section 1, is entitled to elect to obtain
11.13 prior service credit for eligible correctional state service performed at the Minnesota
11.14 Correctional Facility-Rush City before August 1, 2004. All prior service credit in either
11.15 instance must be purchased.

11.16 (b) Eligible correctional state service is either a prior period of continuous service
11.17 after June 30, 1997, at the Minnesota Correctional Facility-Faribault, or a prior period
11.18 of continuous service at the Minnesota Correctional Facility-Rush City before August 1,
11.19 2004, whichever applies, performed as an employee of the Department of Corrections that
11.20 would have been eligible for the correctional state employees retirement plan coverage
11.21 under section 1, if that prior service had been performed after August 1, 2004, or June 30,
11.22 2006, rather than before August 1, 2004, or July 1, 2006, whichever applies. Service is
11.23 continuous if there has been no period of discontinuation of eligible state service for a
period greater than 30 calendar days.

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

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

11.32 Subd. 2. Payment for prior service. (a) An employee electing to obtain prior
11.33 service credit under subdivision 1 must pay an additional employee contribution for
11.34 that prior service. The additional member contribution is the contribution differential
11.35 percentage applied to the actual salary paid to the employee during the period of the
11.36 prior eligible correctional state service, plus interest at the rate of 8.5 percent per annum,

12.1 compounded annually. The contribution differential percentage is the difference between
12.2 5.69 percent of salary and the applicable employee contribution rate of the general state
12.3 employees retirement plan during the period of the prior eligible correctional state service.

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

12.8 Subd. 3. **Transfer of assets.** (a) Assets must be transferred from the general state
12.9 employees retirement plan to the correctional state employees retirement plan in an
12.10 amount equal to the present value of benefits earned under the general state employees
12.11 retirement plan for each employee transferring to the correctional state employees
12.12 retirement plan under this section, as determined by the actuary retained under Minnesota
12.13 Statutes, section 356.214, in accordance with Minnesota Statutes, section 356.215,
12.14 multiplied by the accrued liability funding ratio of active members as derived from the
12.15 most recent actuarial valuation prepared by the actuary retained under Minnesota Statutes,
12.16 section 356.214.. The transfer of assets must be made within 30 days after the employee
12.17 elects to transfer the coverage to the correctional state employees retirement plan.

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

12.22 Subd. 4. **Effect of the asset transfer.** Upon the transfer of assets in subdivision
12.23 3, service credit in the general state employees retirement plan of the Minnesota State
12.24 Retirement System is forfeited and may not be reinstated. The service credit and
12.25 transferred assets must be credited to the correctional state employees retirement plan.

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

12.27 Subdivision 1. **Authorization.** If the review of the corrections program director
12.28 position of the eligible individual under Minnesota Statutes 2005 Supplement, section
12.29 352.91, subdivision 4a, results in the inclusion of the corrections program director position
12.30 in the correctional state employees retirement plan of the Minnesota State Retirement
12.31 System by legislative enactment during the 2006 or 2007 legislative sessions, an eligible
12.32 individual specified in subdivision 2 is authorized to have service credit in the Minnesota
12.33 State Retirement System general state employees retirement plan for employment as
12.34 a corrections program director from June 17, 1995, to June 5, 2001, transferred from
12.35 the Minnesota State Retirement System general state employees retirement plan to the

13.1 Minnesota State Retirement System correctional state employees retirement plan, if all
13.2 conditions required by this section are met.

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

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

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

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

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

13.11 (5) is covered by the Minnesota State Retirement System correctional state
13.12 employees retirement plan for employment as a corrections lieutenant beginning June
13.13 6, 2001.

13.14 Subd. 3. Employee equivalent contribution. To receive the transfer of service
13.15 credit specified in subdivision 1, the individual must pay to the executive director of the
13.16 Minnesota State Retirement System the difference between the employee contribution rate
13.17 for the general state employees retirement plan and the employee contribution rate for
13.18 the correctional state employees retirement plan in effect during the period eligible for
13.19 transfer applied to the eligible individual's salary at the time each additional contribution
13.20 would have been deducted from pay if coverage had been provided by the correctional
13.21 state employees retirement plan. These amounts shall be paid in a lump sum by September
13.22 1, 2005, or prior to termination of service, whichever is earlier, plus 8.5 percent annual
13.23 compound interest from the applicable payroll deduction date until paid.

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

13.35 Subd. 5. Transfer of assets. If payments under subdivisions 3 and 4 are made,
assets must be transferred from the general state employees retirement plan fund to the
correctional state employees retirement plan fund in an amount equal to the present value

14.1 of benefits earned by the eligible individual under the general state employees retirement
14.2 plan, as determined by the actuary retained under section 356.214 in accordance with
14.3 Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days
14.4 after the receipt of payments under subdivisions 3 and 4.

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

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

14.11 **Sec. 14. EFFECTIVE DATE.**

14.12 (a) Sections 1 to 8, 12, and 13 are effective the first day of the first payroll period
14.13 next following the date of enactment.

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

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

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

14.29 **ARTICLE 3**

14.30 **RETIREMENT PLAN ADMINISTRATIVE PROVISIONS**

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

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

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

15.4 ~~(c) For the tax-sheltered annuity program vendor contracts executed after July 1,~~
15.5 ~~2000; The board shall actively solicit participation of and shall include as vendors lower~~
15.6 ~~expense and "no-load" mutual funds or equivalent investment products as those terms are~~
15.7 ~~defined by the federal Securities and Exchange Commission. To the extent possible, in~~
15.8 ~~addition to a range of insurance annuity contract providers and other mutual fund provider~~
15.9 ~~arrangements, the board must assure that no less than five insurance annuity providers~~
15.10 ~~and no less than one nor more than three lower expense and "no-load" mutual funds or~~
15.11 ~~equivalent investment products will be made available for direct access by employee~~
15.12 ~~participants. To the extent that offering a lower expense "no-load" product increases the~~
15.13 ~~total necessary and reasonable expenses of the program and if the board is unable to~~
15.14 ~~negotiate a rebate of fees from the mutual fund or equivalent investment product providers,~~
15.15 ~~the board may charge the participants utilizing the lower expense "no-load" mutual fund~~
15.16 ~~products a fee to cover those expenses. The participant fee may not exceed one percent~~
15.17 ~~of the participant's annual contributions or \$20 per participant per year, whichever is~~
15.18 ~~greater. Any excess fee revenue generated under this subdivision must be reimbursed to~~
15.19 ~~participant accounts in the manner provided in subdivision 3a.~~

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

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

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

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

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

15.33 Subd. 3a. **Bounce-back annuity.** (a) If a retired employee or disabilitant selects
15.34 a joint and survivor annuity option under subdivision 3 after June 30, 1989, the retired
15.35 employee or disabilitant must receive a normal single-life annuity if the designated
15.36 optional annuity beneficiary dies before the retired employee or disabilitant. Under this

16.1 option, no reduction may be made in the annuity to provide for restoration of the normal
16.2 single-life annuity in the event of the death of the designated optional annuity beneficiary.

16.3 ~~(b) A retired employee or disabilitant who selected an optional joint and survivor~~
16.4 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
16.5 ~~single-life annuity is payable to the retired employee or the disabilitant if the designated~~
16.6 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single-life~~
16.7 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
16.8 ~~reduction of the person's annuity. A retired employee or disabilitant who selected an~~
16.9 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
16.10 ~~before July 1, 1989, shall receive a normal single-life annuity after that date, but shall not~~
16.11 ~~receive retroactive payments for periods before that date~~ The annuity adjustment specified
16.12 in paragraph (a) also applies to joint and survivor annuity options under subdivision
16.13 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
16.14 July 1, 1989, or on the first day of the first month following the death of the designated
16.15 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
16.16 as authorizing retroactive payments.

16.17 ~~(c) A retired employee or disabilitant who took a further actuarial reduction to elect~~
16.18 ~~an optional joint and survivor annuity that provides that the normal annuity is payable~~
16.19 ~~to the retired employee or disabilitant if the designated optional beneficiary died before~~
16.20 ~~July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person~~
16.21 ~~would have received if, at the time of retirement or disability, the person had selected only~~
16.22 ~~optional survivor coverage that would not have provided for restoration of the normal~~
16.23 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~
16.24 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~
16.25 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

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

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

16.35 ~~(b) A former member or disabilitant of the correctional or State Patrol fund who~~
16.36 ~~selected an optional joint and survivor annuity before July 1, 1989, but did not choose an~~

17.1 ~~option that provides that the normal single life annuity is payable to the former member~~
 17.2 ~~or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~
 17.3 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~
 4 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~
 17.5 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~
 17.6 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~
 17.7 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~
 17.8 ~~date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor~~
 17.9 ~~annuity options elected prior to July 1, 1989. The annuity adjustment under this paragraph~~
 17.10 ~~occurs on July 1, 1989, or on the first day of the first month following the death of the~~
 17.11 ~~designated optional annuity beneficiary, whichever is later. This paragraph should not be~~
 17.12 ~~interpreted as authorizing retroactive payments.~~

17.13 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~
 4 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
 17.15 ~~the former member or disabilitant if the designated optional beneficiary died before July~~
 17.16 ~~1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person~~
 17.17 ~~would have received if, at the time of retirement or disability, the person had selected only~~
 17.18 ~~optional survivor coverage that would not have provided for restoration of the normal~~
 17.19 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~
 17.20 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~
 17.21 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

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

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

- 17.31 (1) are specifically excluded under subdivision 2b;
- 17.32 (2) do not exercise their option to elect retirement coverage in the association as
 17.33 provided in subdivision 2d, paragraph (a); or
- (3) are employees of the governmental subdivisions listed in subdivision 2d,
 17.35 paragraph (b), where the governmental subdivision has not elected to participate as a
 17.36 governmental subdivision covered by the association.

18.1 (b) A public employee who was a member of the association on June 30, 2002,
18.2 based on employment that qualified for membership coverage by the public employees
18.3 retirement plan or the public employees police and fire plan under this chapter, or the local
18.4 government correctional employees retirement plan under chapter 353E as of June 30,
18.5 2002, retains that membership until the employee terminates public employment under
18.6 subdivision 11a or terminates membership under subdivision 11b.

18.7 (c) Public employees under paragraph (a) includes physicians under section
18.8 353D.01, subdivision 2, who do not elect public employees defined contribution plan
18.9 coverage under section 353D.02, subdivision 2.

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

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

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

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

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

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

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

18.29 (b) Membership in the association is optional by action of the governmental
18.30 subdivision for the employees of the following governmental subdivisions under the
18.31 conditions specified:

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

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

19.7 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
 19.8 employees other than paramedics, emergency medical technicians, and protection officers,
 19.9 if the corporate board establishes alternative retirement plans for certain classes of
 19.10 employees of the corporation and certifies the employees to be excluded from future
 19.11 retirement coverage.

19.12 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
 19.13 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
 4 not made, the employee is excluded from retirement coverage under this chapter. For
 19.15 employees who are covered by paragraph (a), clause (4), if the necessary election is not
 19.16 made, the employee must become a member and have retirement coverage under this
 19.17 chapter. For employees specified in paragraph (b), clause (3), membership continues until
 19.18 the exclusion option is exercised for the designated class of employee. The option to
 19.19 become a member, once exercised under this subdivision, may not be withdrawn until
 19.20 termination of public service as defined under subdivision 11a.

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

19.22 Subd. 11a. **Termination of public service.** (a) "Termination of public service"
 19.23 occurs when a member resigns or is dismissed from public service by the employing
 governmental subdivision ~~or when a position ends and the member who held the position~~
 19.25 ~~is not considered by the governmental subdivision to be on a temporary layoff,~~ and
 19.26 the employee does not, within 30 days of the date the employment relationship ended,
 19.27 return to an employment position in the same governmental subdivision or when the
 19.28 employer-employee relationship is severed due to the expiration of a layoff under
 19.29 subdivision 12 or 12c.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21.9 (4) a period of authorized personal, parental, or medical leave of absence without
21.10 pay, including a leave of absence covered under the federal Family Medical Leave Act,
21.11 that does not exceed one year, and during or for which a member obtained service credit
21.12 for each month in the leave period by payments to the fund made in place of salary
21.13 deductions. The payments must be made in an amount or amounts based on the member's
21.14 average salary on which deductions were paid for the last six months of public service, or
21.15 for that portion of the last six months while the member was in public service, to apply to
21.16 the period in either case that immediately precedes the commencement of the leave of
21.17 absence. If the employee elects to pay the employee contributions for the period of any
21.18 authorized personal, parental, or medical leave of absence without pay, or for any portion
21.19 of the leave, the employee shall also, as a condition to the exercise of the election, pay
21.20 to the fund an amount equivalent to the required employer and the additional employer
21.21 contributions, if any, for the employee. The payment must be made within one year from
21.22 the expiration of the leave of absence or within 20 days after termination of public service
21.23 under subdivision 11a, whichever is earlier. The employer, by appropriate action of its
21.24 governing body which is made a part of its official records and which is adopted before the
21.25 date of the first payment of the employee contribution, may certify to the association in
21.26 writing its commitment to pay the employer and additional employer contributions from
21.27 the proceeds of a tax levy made under section 353.28. Payments under this paragraph must
21.28 include interest at an annual rate of 8.5 percent compounded annually from the date of the
21.29 termination of the leave of absence to the date payment is made. An employee shall return
21.30 to public service and render a minimum of three months of allowable service in order to
21.31 be eligible to pay employee and employer contributions for a subsequent authorized leave
21.32 of absence without pay. Upon payment, the employee must be granted allowable service
21.33 credit for the purchased period;

21.34 (5) a periodic, repetitive leave that is offered to all employees of a governmental
21.35 subdivision. The leave program may not exceed 208 hours per annual normal work
21.36 cycle as certified to the association by the employer. A participating member obtains

22.1 service credit by making employee contributions in an amount or amounts based on the
22.2 member's average salary that would have been paid if the leave had not been taken. The
22.3 employer shall pay the employer and additional employer contributions on behalf of the
22.4 participating member. The employee and the employer are responsible to pay interest on
22.5 their respective shares at the rate of 8.5 percent a year, compounded annually, from the
22.6 end of the normal cycle until full payment is made. An employer shall also make the
22.7 employer and additional employer contributions, plus 8.5 percent interest, compounded
22.8 annually, on behalf of an employee who makes employee contributions but terminates
22.9 public service. The employee contributions must be made within one year after the end of
22.10 the annual normal working cycle or within 20 days after termination of public service,
22.11 whichever is sooner. The association shall prescribe the manner and forms to be used by a
22.12 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
22.13 member must be granted allowable service credit for the purchased period;

22.14 (6) an authorized temporary or seasonal layoff under subdivision 12, limited to three
22.15 months allowable service per authorized temporary or seasonal layoff in one calendar year.
22.16 An employee who has received the maximum service credit allowed for an authorized
22.17 temporary or seasonal layoff must return to public service and must obtain a minimum of
22.18 three months of allowable service subsequent to the layoff in order to receive allowable
22.19 service for a subsequent authorized temporary or seasonal layoff; or

22.20 (7) a period during which a member is absent from employment by a governmental
22.21 subdivision by reason of service in the uniformed services, as defined in United States
22.22 Code, title 38, section 4303(13), if the member returns to public service upon discharge
22.23 from service in the uniformed service within the time frames required under United
22.24 States Code, title 38, section 4312(e), provided that the member did not separate from
22.25 uniformed service with a dishonorable or bad conduct discharge or under other than
22.26 honorable conditions. The service is credited if the member pays into the fund equivalent
22.27 employee contributions based upon the contribution rate or rates in effect at the time
22.28 that the uniformed service was performed multiplied by the full and fractional years
22.29 being purchased and applied to the annual salary rate. The annual salary rate is the
22.30 average annual salary during the purchase period that the member would have received
22.31 if the member had continued to be employed in covered employment rather than to
22.32 provide uniformed service, or, if the determination of that rate is not reasonably certain,
22.33 the annual salary rate is the member's average salary rate during the 12-month period of
22.34 covered employment rendered immediately preceding the period of the uniformed service.
22.35 Payment of the member equivalent contributions must be made during a period which
22.36 begins with the date on which the individual returns to public employment and that is three

23.1 times the length of the military leave period, or within five years of the date of discharge
23.2 from the military service, whichever is less. If the determined payment period is less than
23.3 one year, the contributions required under this clause to receive service credit may be
4 made within one year of the discharge date. Payment may not be accepted following 20
23.5 days after termination of public service under subdivision 11a. If the member equivalent
23.6 contributions provided for in this clause are not paid in full, the member's allowable
23.7 service credit must be prorated by multiplying the full and fractional number of years of
23.8 uniformed service eligible for purchase by the ratio obtained by dividing the total member
23.9 contributions received by the total member contributions otherwise required under this
23.10 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
23.11 employer contribution must be paid by the governmental subdivision employing the
23.12 member if the member makes the equivalent employee contributions. The employer
23.13 payments must be made from funds available to the employing unit, using the employer
14 and additional employer contribution rate or rates in effect at the time that the uniformed
23.15 service was performed, applied to the same annual salary rate or rates used to compute the
23.16 equivalent member contribution. The governmental subdivision involved may appropriate
23.17 money for those payments. The amount of service credit obtainable under this section may
23.18 not exceed five years unless a longer purchase period is required under United States Code,
23.19 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
23.20 employer contribution amounts payable under this clause. Interest must be computed at
23.21 a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave
23.22 or the break in service to the end of the month in which the payment is received. Upon
23.23 payment, the employee must be granted allowable service credit for the purchased period.

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

23.29 (c) For a public employee who has prior service covered by a local police or
23.30 firefighters relief association that has consolidated with the Public Employees Retirement
23.31 Association or to which section 353.665 applies, and who has elected the type of benefit
23.32 coverage provided by the public employees police and fire fund either under section
23.33 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
23.34 service" is a period of service credited by the local police or firefighters relief association
23.35 as of the effective date of the consolidation based on law and on bylaw provisions
23.36 governing the relief association on the date of the initiation of the consolidation procedure.

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

24.3 (e) MS 2002 (Expired)

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

24.5 Subdivision 1. **Management; composition; election.** (a) The management of the
24.6 public employees retirement fund is vested in an 11-member board of trustees consisting
24.7 of ten members and the state auditor ~~who~~. The state auditor may designate a deputy
24.8 auditor with expertise in pension matters as the auditor's representative on the board. The
24.9 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
24.10 represent school boards, one to represent cities, one to represent counties, one who is a
24.11 retired annuitant, and one who is a public member knowledgeable in pension matters. The
24.12 membership of the association, including recipients of retirement annuities and disability
24.13 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
24.14 be a member of the police and fire fund and one of whom must be a former member
24.15 who met the definition of public employee under section 353.01, subdivisions 2 and
24.16 2a, for at least five years prior to terminating membership or a member who receives a
24.17 disability benefit, ~~for terms of four years.~~ Terms expire on January 31 of the fourth year,
24.18 and positions are vacant until newly elected members are seated. Except as provided in
24.19 this subdivision, trustees elected by the membership of the association must be public
24.20 employees and members of the association.

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

24.34 (c) By January 10 of each year in which elections are to be held, the board shall
24.35 distribute by mail to the members ballots listing the candidates. No member may vote for
24.36 more than one candidate for each board position to be filled. A ballot indicating a vote for

25.1 more than one person for any position is void. No special marking may be used on the
 25.2 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
 25.3 later than January 31. The ballot envelopes must be so designated and the ballots counted
 4 in a manner that ensures that each vote is secret.

25.5 (d) A candidate who:
 25.6 (1) receives contributions or makes expenditures in excess of \$100²; or
 25.7 (2) has given implicit or explicit consent for any other person to receive contributions
 25.8 or make expenditures in excess of \$100 for the purpose of bringing about the candidate's
 25.9 election, shall file a report with the campaign finance and public disclosure board
 25.10 disclosing the source and amount of all contributions to the candidate's campaign. The
 25.11 campaign finance and public disclosure board shall prescribe forms governing these
 25.12 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
 25.13 These terms do not include the mailing made by the association board on behalf of the
 4 candidate. A candidate shall file a report within 30 days from the day that the results of
 25.15 the election are announced. The Campaign Finance and Public Disclosure Board shall
 25.16 maintain these reports and make them available for public inspection in the same manner
 25.17 as the board maintains and makes available other reports filed with it. ~~By January 10~~
 25.18 ~~of each year in which elections are to be held the board shall distribute by mail to the~~
 25.19 ~~members ballots listing the candidates. No member may vote for more than one candidate~~
 25.20 ~~for each board position to be filled. A ballot indicating a vote for more than one person for~~
 25.21 ~~any position is void. No special marking may be used on the ballot to indicate incumbents.~~
 25.22 ~~The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of~~
 25.23 ~~the fourth year, and positions are vacant until newly elected members are qualified. The~~
 25.24 ~~ballot envelopes must be so designed and the ballots counted in a manner that ensures~~
 25.25 ~~that each vote is secret.~~

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

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

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

25.32 Subd. 1a. **Vacancy, how filled.** Any vacancy on the board caused by death,
 25.33 resignation, or removal of any trustee, or occurring because an elected trustee ceases to be
 25.34 a public employee and an active member of the association, must be filled by the board
 25.35 for trustees elected by members, and by the governor for other trustees, for the unexpired

26.1 portion of the term in which the vacancy occurs. The board shall adopt policies and
26.2 procedures governing how the vacancy of an elected trustee is to be filled.

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

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

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

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

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

26.20 (2) invalid, if the initial erroneous employee deduction began on or after January
26.21 1, 1990. Upon determination of the error, the association shall ~~require the employer~~
26.22 ~~to discontinue erroneous employee deductions and erroneous employer contributions~~
26.23 ~~and additional employer contributions. Upon discontinuance, the association shall~~
26.24 ~~refund all erroneous employee deductions to the person, with interest, under section~~
26.25 ~~353.34, subdivision 2, and all erroneous employer contributions and additional employer~~
26.26 ~~contributions to the employer as specified in paragraph (d).~~ No person may claim a right
26.27 to continued or past membership in the association based on erroneous deductions which
26.28 began on or after January 1, 1990.

26.29 (b) Erroneous deductions taken from the salary of a person who did not qualify
26.30 for membership in the association by virtue of concurrent employment before July 1,
26.31 1978, which required contributions to another retirement fund or relief association
26.32 established for the benefit of officers and employees of a governmental subdivision, are
26.33 invalid. Upon discovery of the error, the association shall remove all invalid service and
26.34 upon termination of public service, the association shall refund all erroneous employee
26.35 deductions to the person, with interest under section 353.34, subdivision 2, and all

27.1 erroneous employer contributions to the employer. This paragraph has both retroactive
27.2 and prospective application.

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

27.6 (d) Upon discovery of the receipt of erroneous deductions and contributions under
27.7 paragraph (a), clause (2), or paragraph (c), the association must require the employer to
27.8 discontinue the erroneous employee deductions and erroneous employer contributions.
27.9 Upon discontinuation, the association must refund the invalid employee deductions to the
27.10 person without interest and invalid employer contributions to the employer or provide a
27.11 credit against future contributions payable by the employer for the amount of all erroneous
27.12 deductions and contributions. In the event a retirement annuity or disability benefit had
27.13 been computed using invalid service or salary, the association must adjust the annuity or
27.14 benefit and recover the overpayment under subdivision 7b.

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

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

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

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

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

27.34 (c) A potential transfer under paragraph (a) that would cause the plan to fail to be a
27.35 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
27.36 made by the executive director of the association. Within 30 days after being notified by

28.1 the Public Employees Retirement Association of an unmade potential transfer under this
28.2 paragraph, the employer of the affected person must transmit an amount representing the
28.3 applicable salary deductions and employer contributions, without interest, to the retirement
28.4 fund of the appropriate Minnesota public pension plan, or to the individual account if the
28.5 proper coverage is by a defined contribution plan. The association must provide a credit
28.6 for the amount of the erroneous salary deductions and employer contributions against
28.7 future contributions from the employer.

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

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

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

28.16 Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which
28.17 receives the direct proceeds of property taxation fails to pay an amount due under chapter
28.18 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the
28.19 governmental subdivision for payment. If the governmental subdivision fails to remit the
28.20 sum so due in a timely fashion, the executive director shall certify the amount to the
28.21 applicable county auditor for collection. The county auditor shall collect the amount
28.22 out of the revenue of the governmental subdivision, or shall add the amount to the levy
28.23 of the governmental subdivision and make payment directly to the association. This
28.24 tax must be levied, collected, and apportioned in the manner that other taxes are levied,
28.25 collected, and apportioned.

28.26 (b) If a governmental subdivision which is not funded directly from the proceeds
28.27 of property taxation fails to pay an amount due under this chapter, the executive director
28.28 shall certify the amount to the governmental subdivision for payment. If the governmental
28.29 subdivision fails to pay the amount for a period of 60 days after certification, the executive
28.30 director shall certify the amount to the commissioner of finance, who shall deduct the
28.31 amount from any subsequent state-aid payment or state appropriation amount applicable
28.32 to the governmental subdivision and make payment directly to the association.

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

28.34 Subd. 8. **Annuities; payment; evidence of receipt.** Payment of any annuity or
28.35 benefit for a given month shall be mailed by the association to the annuitant, recipient

29.1 of a disability benefit, or survivor, or automatically deposited under section 356.401,
29.2 subdivision 2, during the first week of that month. ~~Evidence of receipt of warrants issued~~
29.3 ~~by the association in payment of an annuity or benefit shall be submitted by the payee~~
29.4 ~~thereof to the association periodically at times specified by the board of trustees, together~~
29.5 ~~with a written declaration that the annuitant or recipient of a disability benefit has or~~
29.6 ~~has not returned to public service; that the surviving dependent spouse has or has not~~
29.7 ~~remarried; and shall be furnished on forms provided by the executive director thereof;~~
29.8 ~~before the association shall pay to the disability recipient or survivor for the next ensuing~~
29.9 ~~month, the benefit to which the person otherwise may be entitled. In lieu of the evidence~~
29.10 ~~of receipt of warrants for recipients of an annuity or a benefit; The board may contract~~
29.11 ~~for professional services to identify deceased annuitants and benefit recipients through a~~
29.12 ~~review of nationally maintained death records.~~

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

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

29.20 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~
29.21 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
29.22 ~~single life annuity is payable to the former member or the disabilitant if the designated~~
29.23 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~
29.24 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
29.25 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~
29.26 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
29.27 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~
29.28 ~~receive retroactive payments for periods before that date The annuity adjustment specified~~
29.29 in paragraph (a) also applies to joint and survivor annuity options under subdivision
29.30 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
29.31 July 1, 1989, or on the first day of the first month following the death of the designated
29.32 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
29.33 as authorizing retroactive payments.

29.35 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~
29.36 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
29.37 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~

30.1 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~
30.2 ~~amount the person would have received if, at the time of retirement or disability, the person~~
30.3 ~~had selected only optional survivor coverage that would not have provided for restoration~~
30.4 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~
30.5 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~
30.6 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

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

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

30.15 (b) ~~A former member or disabilitant of the police and fire fund who selected an~~
30.16 ~~optional joint and survivor annuity before July 1, 1989, but did not choose an option~~
30.17 ~~that provides that the normal single life annuity is payable to the former member or~~
30.18 ~~the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~
30.19 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~
30.20 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~
30.21 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~
30.22 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~
30.23 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~
30.24 ~~date~~ The annuity adjustment specified in paragraph (a) also applies to joint and survivor
30.25 annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment
30.26 under this paragraph occurs on July 1, 1989, or on the first day of the first month following
30.27 the death of the designated optional annuity beneficiary, whichever is later. This paragraph
30.28 should not be interpreted as authorizing retroactive payments.

30.29 (c) ~~A former member or disabilitant who took a further actuarial reduction to elect~~
30.30 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
30.31 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~
30.32 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~
30.33 ~~amount the person would have received if, at the time of retirement or disability, the person~~
30.34 ~~had selected only optional survivor coverage that would not have provided for restoration~~
30.35 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~

31.1 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~
31.2 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

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

31.4 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
31.5 who has credit for not less than three years of allowable service and dies before the
31.6 annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or
31.7 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the
31.8 surviving spouse may elect to receive, instead of a refund with interest under subdivision
31.9 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal
31.10 to the 100 percent joint and survivor annuity that the member could have qualified for
31.11 had the member terminated service on the date of death.

31.12 (b) If the member was under age 55 and has credit for at least 30 years of allowable
31.13 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
31.14 and survivor annuity based on the age of the member and surviving spouse on the date
31.15 of death. The annuity is payable using the full early retirement reduction under section
31.16 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction
31.17 from age 55 to the age payment begins.

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

31.24 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
31.25 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
31.26 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
31.27 with the association. If there is no surviving spouse or child or children, a former spouse
31.28 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
31.29 marriage dissolution decree but not a monthly surviving spouse optional annuity despite
31.30 the terms of a marriage dissolution decree filed with the association.

31.31 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
31.32 may apply for the annuity at any time after the date on which the deceased employee
31.33 would have attained the required age for retirement based on the employee's allowable
31.34 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b)
31.35 or (c) may apply for an annuity any time after the member's death. The annuity must be

32.1 computed under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a,
32.2 1b, 1c, and 5; and 353.31, subdivision 3.

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

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

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

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

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

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

32.26 Subdivision 1. **Age, service, and salary requirements.** A coordinated member
32.27 who has at least three years of allowable service and becomes totally and permanently
32.28 disabled before normal retirement age, and a basic member who has at least three years
32.29 of allowable service and who becomes totally and permanently disabled is entitled to a
32.30 disability benefit in an amount determined under subdivision 3. If the disabled person's
32.31 public service has terminated at any time, at least two of the required three years of
32.32 allowable service must have been rendered after last becoming a an active member. A
32.33 repayment of a refund must be made within six months after the effective date of disability
32.34 benefits under subdivision 2 or within six months after the date of the filing of the
32.35 disability application, whichever is later. No purchase of prior service or payment made
32.36 in lieu of salary deductions otherwise authorized under section 353.01, subdivision 16,

33.1 ~~353.017, subdivision 4, or 353.36, subdivision 2,~~ may be made after the occurrence of the
33.2 disability for which an application under this section is filed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34.23 (2) 125 percent of the base salary currently paid by the employing governmental
 34.24 subdivision for similar positions.

34.25 The disability benefit must be reduced by one dollar for each three dollars by which
 34.26 the total amount of the current disability benefit, any workers' compensation benefits if
 34.27 applicable, and actual earnings exceed the greater disabilitant reemployment earnings
 34.28 limit. In no event may the disability benefit as adjusted under this subdivision exceed
 34.29 the disability benefit originally allowed.

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

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

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

35.1 (2) physicians who, if they did not elect to participate in the plan under section
 35.2 353D.02, subdivision 2, would meet the definition of member under section 353.01,
 35.3 subdivision 7;

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

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

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

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

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

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

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

35.30 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service
 35.31 ~~or privately operated ambulance service~~ with eligible personnel ~~that receives an operating~~
 35.32 ~~subsidy from a governmental entity~~ may elect to participate in the plan. If a service elects
 35.33 to participate, its eligible personnel may elect to participate or to decline to participate. An
 35.35 individual's election must be made within 30 days of the service's election to participate
 or 30 days of the date on which the individual was employed by the service or began to

36.1 provide service for it, whichever date is later. An election by a service or an individual is
 36.2 revocable.

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

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

36.5 (1) a jail administered by a county;

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

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

36.8 or

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

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

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

36.18 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~
 36.19 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
 36.20 ~~single life annuity is payable to the former member or the disabilitant if the designated~~
 36.21 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~
 36.22 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
 36.23 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~
 36.24 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
 36.25 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~
 36.26 ~~receive retroactive payments for periods before that date~~ The annuity adjustment specified
 36.27 in paragraph (a) also applies to joint and survivor annuity options under subdivision
 36.28 1 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
 36.29 July 1, 1989, or on the first day of the first month following the death of the designated
 36.30 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
 36.31 as authorizing retroactive payments.

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

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

37.2 Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant
37.3 has selected a joint and survivor annuity option under subdivision 1 after June 30,
4 1989, the former member or disabilitant must receive a normal single life annuity if the
37.5 designated optional annuity beneficiary dies before the former member or disabilitant.
37.6 Under this option, no reduction may be made in the person's annuity to provide for
37.7 restoration of the normal single life annuity in the event of the death of the designated
37.8 optional annuity beneficiary.

37.9 ~~(b) A former coordinated member or disabilitant who selected an optional joint~~
37.10 ~~and survivor annuity before July 1, 1989, but did not choose an option that provides~~
37.11 ~~that the normal single life annuity is payable to the former member or the disabilitant if~~
37.12 ~~the designated optional annuity beneficiary dies first, is eligible for restoration of the~~
37.13 ~~normal single life annuity if the designated optional annuity beneficiary dies first, without~~
4 ~~further actuarial reduction of the person's annuity. A former member or disabilitant who~~
37.15 ~~selected an optional joint and survivor annuity, but whose designated optional annuity~~
37.16 ~~beneficiary died before July 1, 1989, shall receive a normal single life annuity after that~~
37.17 ~~date, but shall not receive retroactive payments for periods before that date.~~The annuity
37.18 adjustment specified in paragraph (a) also applies to joint and survivor annuity options
37.19 under subdivision 3 elected prior to July 1, 1989. The annuity adjustment under this
37.20 paragraph occurs on July 1, 1989, or on the first day of the first month following the death
37.21 of the designated optional annuity beneficiary, whichever is later. This paragraph should
37.22 not be interpreted as authorizing retroactive payments.

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

37.33 ~~(d)~~Unless otherwise specified in this subdivision, the restoration of the normal single
37.34 life annuity under this subdivision will take effect on the first of the month following the
37.35 date of death of the designated optional annuity beneficiary or on the first of the month
37.36 following one year before the date on which a certified copy of the death record of the

38.1 designated optional annuity beneficiary is received in the office of the appropriate teachers
38.2 retirement fund association, whichever date is later.

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

38.4 **354D.05 CONTRIBUTIONS.**

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

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

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

38.21 Subd. 2. **Employer contributions.** (a) The employer of eligible employees an
38.22 employee described in subdivision 1 ~~who are eligible to participate in either the Minnesota~~
38.23 ~~State Retirement System or the Public Employees Retirement Association shall,~~ paragraph
38.24 (a), must make an employer contribution to the employee's individual retirement account
38.25 plan in an amount equal to the employer contribution amount required by the plan for
38.26 which the individual was originally eligible for membership account as specified in section
38.27 354B.23, subdivisions 3 and 4.

38.28 (b) The employer of eligible employees an employee described in subdivision 1
38.29 ~~who are eligible to participate in the Teachers Retirement Association shall,~~ paragraph
38.30 (b), must make an employer contribution to the employee's individual retirement account
38.31 plan in an amount account equal to the employer contribution including, if applicable,
38.32 any employer additional contribution required by ~~section 354.42, subdivision 3, and~~
38.33 ~~shall make an employer contribution to the applicable plan law for the Minnesota State~~
38.34 Retirement System, Public Employees Retirement Association, or Teachers Retirement
38.35 Association in an amount equal to which the employer contribution required by ~~section~~
38.36 ~~354.42, subdivision 5~~ individual would otherwise be a member.

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

39.2 Sec. 41. [REPEALER.]

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

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

39.6 Sec. 36. REPEALER.

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

39.8 Sec. 37. EFFECTIVE DATE.

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

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

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

39.13 (d) Sections 3, 4, 20, 21, 32, and 33 are not intended to increase, modify, impair,
 39.14 or diminish the benefit entitlements specified in the sections of Minnesota Statutes being
 39.15 amended. If the executive director of the Minnesota State Retirement System, the Public
 39.16 Employees Retirement Association, the Teachers Retirement Association, or a first
 39.17 class city teacher retirement fund association, whichever is applicable, determines that
 39.18 any provision of those sections does increase, modify, impair, or diminish the benefit
 39.19 entitlements as reflected in applicable law just prior to the effective date of this section,
 39.20 the applicable executive director shall certify that determination and a recommendation
 39.21 as to the required legislative correction to the chairs of the Legislative Commission on
 39.22 Pensions and Retirement, the house Governmental Operations and Veterans Affairs Policy
 39.23 Committee, the senate State and Local Governmental Operations Committee, and the
 39.24 executive director of the Legislative Commission on Pensions and Retirement.

39.25 **ARTICLE 4**

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

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

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

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

39.33 (2) has met the requirements for a retirement annuity under section 353.651,
 39.34 subdivision 1, but who does not have 20 years of credited service; and who becomes
 39.35 disabled and physically unfit to perform duties as a police officer, firefighter, or paramedic
 39.36 as defined under section 353.64, subdivision 10, as a direct result of an injury, sickness, or

40.1 other disability incurred in or arising out of any act of duty, which has or is expected to
40.2 render the member physically or mentally unable to perform the duties as a police officer,
40.3 firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at
40.4 least one year, shall receive disability benefits during the period of such disability.

40.5 (b) The benefits must be in an amount equal to 60 percent of the "average salary" as
40.6 defined in section 353.01, subdivision 17a, plus an additional percent specified in section
40.7 356.315, subdivision 6, of that average salary for each year of service in excess of 20
40.8 years. If the disability under this subdivision occurs before the member has at least five
40.9 years of allowable service credit in the police and fire plan, the disability benefit must be
40.10 computed on the "average salary" from which deductions were made for contribution to
40.11 the police and fire fund.

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

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

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

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

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

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

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

41.1 (a) (1) dies before attaining the age-65 required for receipt of a retirement annuity
41.2 under section 353.651, subdivision 1, or within five years of the effective date of the
41.3 disability, whichever is later, the surviving spouse shall receive a survivor benefit under
4 section 353.657, subdivision 2 or 2a, unless the surviving spouse elected to receive a
41.5 refund under section 353.32, subdivision 1. The joint and survivor optional annuity under
41.6 subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the
41.7 deceased member's allowable service, whichever is greater.

41.8 (b) (2) is living at the age-65 required for receipt of a retirement annuity under
41.9 section 353.651, subdivision 1, or five years after the effective date of the disability,
41.10 whichever is later, the member may continue to receive a normal disability benefit,
41.11 or the member may elect a joint and survivor optional annuity under section 353.30.
41.12 The optional annuity is based on the minimum disability benefit under subdivision 1 or
41.13 3, or the member's allowable service, whichever is greater. The election of this joint
4 and survivor annuity must occur within 90 days of the age-65 required for receipt of a
41.15 retirement annuity under section 353.651, subdivision 1, or the five-year anniversary of the
41.16 effective date of the disability benefit, whichever is later. The optional annuity takes effect
41.17 the first of the month following the month in which the person attains the age-65 required
41.18 for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the
41.19 five-year anniversary of the effective date of the disability benefit, whichever is later.

41.20 (c) (3) if there is a dependent child or children under paragraph (a) or (b), the
41.21 association shall grant a dependent child benefit under section 353.657, subdivision 3.

41.22 Sec. 4. **ST. LOUIS PARK; REIMBURSEMENT OF CERTAIN PERA-P&F**
41.23 **PENSION COSTS.**

41.24 (a) With respect to survivor benefits attributable to a person who was born on
41.25 October 29, 1979, who was a member of the police department of the city of St. Louis
41.26 Park, who died on February 21, 2005, and who was covered by First Special Session
41.27 Laws 2005, chapter 1, article 4, section 97, the city of St. Louis Park may reimburse
41.28 the public employees police and fire retirement fund for the applicable actuarial present
41.29 value, plus interest at the rate of 0.71 percent per month since July 1, 2005, that is not
41.30 otherwise paid by a special appropriation enacted by the 2006 session of the Minnesota
41.31 legislature. The actuarial present value of this survivor benefit must be calculated by the
41.32 consulting actuary retained under Minnesota Statutes, section 356.214, based on the
41.33 applicable mortality assumption and postretirement interest rate used for the June 30,
41.35 2005, actuarial valuation and must be certified by the executive director of the Public
Employees Retirement Association.

42.1 (b) If the city of St. Louis Park declines to make the payment of the amount in excess
 42.2 of any state appropriation for this purpose authorized under paragraph (a) on or before
 42.3 July 1, 2006, the executive director of the Public Employees Retirement Association shall
 42.4 certify that fact to the commissioner of finance. Upon receipt of that certification, the
 42.5 commissioner of finance shall deduct the actuarial present value amount in excess of any
 42.6 state appropriation for this purpose, plus interest, from any subsequent state aid or state
 42.7 payment amount for the city of St. Louis Park and shall transmit that amount to the public
 42.8 employees police and fire fund to discharge this obligation.

42.9 Sec. 5. **EFFECTIVE DATE.**

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

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

42.12 **ARTICLE 5**

42.13 **PRIVATIZATION RETIREMENT COVERAGE CHANGE**

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

42.15 **352F.04 AUGMENTATION INTEREST ~~RATE~~ RATES FOR TERMINATED**
 42.16 **~~UNIVERSITY HOSPITAL~~ PRIVATIZED EMPLOYEES.**

42.17 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a
 42.18 terminated hospital employee who attained that status prior to the effective date of this
 42.19 section is subject to augmentation ~~in accordance with~~ under Minnesota Statutes 1994,
 42.20 section 352.72, subdivision 2, except that the rate of ~~interest for this purpose~~ augmentation
 42.21 is 5.5 percent compounded annually until January 1 following the year in which ~~such~~ the
 42.22 person attains age 55. From that date to the effective date of retirement, the augmentation
 42.23 rate is 7.5 percent compounded annually. ~~These~~

42.24 (b) If a terminated hospital employee attained that status on or after the effective date
 42.25 of this section, the augmentation rate is four percent compounded annually until January
 42.26 1, following the year in which the person attains age 55. From that date to the effective
 42.27 date of retirement, the augmentation rate is six percent compounded annually.

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

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

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

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

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

- 43.4 (1) Bridges Medical Services;
- 43.5 (2) the City of Cannon Falls Hospital;
- 43.6 (3) the Dassel Lakeside Community Home;
- 43.7 (4) the Fair Oaks Lodge, Wadena;
- 43.8 ~~(3)~~ (5) the Glencoe Area Health Center;
- 43.9 ~~(4)~~ (6) the Hutchinson Area Health Care;
- 43.10 ~~(5)~~ (7) the Kanabec Hospital;
- 43.11 ~~(6)~~ (8) the Luverne Public Hospital;
- 43.12 ~~(7)~~ (9) the Northfield Hospital;
- 43.13 ~~(8)~~ (10) the RenVilla Nursing Home;
- 43.14 ~~(9)~~ (11) the Renville County Hospital in Olivia;
- 43.15 ~~(10)~~ (12) the St. Peter Community Healthcare Center; and
- 43.16 ~~(11)~~ (13) the Waconia-Ridgeview Medical Center.

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

43.18 **353F.04 AUGMENTATION INTEREST RATE RATES FOR TERMINATED**
43.19 **MEDICAL OR OTHER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.**

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

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

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

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

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

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

44.10 **Sec. 4. EFFECTIVE DATE.**

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

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

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

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

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

44.28 (1) the day after the governing body of the city of Dassel and its chief clerical officer
44.29 timely complete compliance with Minnesota Statutes, section 345.021, subdivisions 2
44.30 and 3; and

44.31 (2) the first day of the month next following certification to the Dassel City
44.32 Council by the executive director of the Public Employees Retirement Association that
44.33 the actuarial accrued liability of the special benefit coverage proposed for extension to
44.34 the privatized Dassel Lakeside Community Home employees under section 1 does not
44.35 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement
44.36 Association, as calculated by the consulting actuary retained under Minnesota Statutes,

45.1 section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel
 45.2 or by the entity which is the employer following the privatization.

45.3 **ARTICLE 6**
SOCIAL SECURITY COVERAGE CHANGES

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

45.6 Subd. 3g. **Local governmental subdivision.** "Local governmental subdivision"
 45.7 means:

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

45.9 (2) an instrumentality of the state;

45.10 (3) an instrumentality of one or more of the political subdivisions of the state;

45.11 ~~including the League of Minnesota Cities;~~

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

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

4 45.14 (6) any instrumentality established under a joint powers agreement under section
 45.15 471.59 wherein the instrumentality is responsible for the employment and the payment of
 45.16 the salaries of the employees of the instrumentality.

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

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

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

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

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

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

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

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

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

- 46.18 (1) constitutional officers;
- 46.19 (2) Duluth teachers;
- 46.20 (3) educational employees;
- 46.21 (4) higher education employees;
- 46.22 (5) hospital employees;
- 46.23 (6) judges;
- 46.24 (7) legislators;
- 46.25 (8) Minneapolis teachers;
- 46.26 (9) public employees;
- 46.27 (10) St. Paul teachers; and
- 46.28 (11) ~~special authority or district employees; and~~
- 46.29 ~~(12) state employees.~~

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

- 46.33 (1) special authority or district employees in positions covered by a retirement plan
 46.34 provided by the employer; and
- 46.35 (2) local elected officials of a local governmental subdivision or of a special authority
 46.36 or district holding positions covered by the defined contribution plan under chapter 353D.

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

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

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

47.12 Subd. 4. Referendum. The director shall authorize and supervise a referendum
47.13 under section 218(d)(6)(C) of the Social Security Act to be held on the date or dates set by
47.14 the local governmental subdivision or by the special authority or district desiring inclusion
47.15 under subdivision 3, paragraph (b). The referendum must permit each eligible employee
47.16 the opportunity to elect Social Security coverage. The notice of referendum required by
47.17 section 218(d) of the Social Security Act must contain a statement sufficient to inform
47.18 the person of the rights which accrue under the Social Security Act and the employee
47.19 contribution rates applicable to the program. The cost of the referendum must be borne
47.20 by the governmental subdivision. The director, on receiving satisfactory evidence that
47.21 the conditions required by section 218 of the Social Security Act have been met, must
47.22 so certify to the Secretary of Health and Human Services.

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

47.25 Subd. 5. Retroactive Social Security coverage. (a) An employee or elected official
47.26 who elects Social Security coverage under subdivision 4 may obtain retroactive coverage
47.27 for the period specified in the modification of the agreement if the individual is employed
47.28 by the local governmental subdivision or by the special authority or district on the date of
47.29 the modification of the agreement. The employee or elected official must pay an amount
47.30 equal to the taxes which would have been imposed on the person by the Federal Insurance
47.31 Contributions Act had the service been covered at the time performed. The employing
47.32 local governmental subdivision or special authority or district must pay the necessary
47.33 employer contributions for the retroactive period. Nothing in this section shall require an
employee or elected official to elect retroactive Social Security coverage.

48.1 **Sec. 6. [355.095] OPTIONAL MEDICARE COVERAGE FOR CERTAIN**
48.2 **PUBLIC EMPLOYEES.**

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

48.11 (b) The applicable employees are:

48.12 (1) employees who are members of one of the retirement plans in section 356.30,
48.13 subdivision 3, except clauses (4) and (8), based on continuous employment since March
48.14 31, 1986; and

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

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

48.21 (b) The director shall authorize a referendum on the question of extending the
48.22 provisions of United States Code, title 42, sections 426, 426-1, and 1395c. The director
48.23 shall supervise the referendum in accordance with the requirements of United States Code,
48.24 title 42, section 418, on the date or dates set. The cost of such referendum must be borne by
48.25 the requesting retirement plan, or the requesting special authority or district. The notice of
48.26 the referendum provided to each eligible employee must contain a statement sufficient to
48.27 inform the person of the rights available as an employee in Medicare qualified government
48.28 employment and the employee contribution rates applicable to the program. The
48.29 referendum must permit each eligible employee the opportunity to vote in such referendum
48.30 in accordance with the requirements in the Social Security Act. The director, on receiving
48.31 satisfactory evidence that the conditions specified in United States Code, title 42, section
48.32 418(d)(7) have been met, must so certify to the Secretary of Health and Human Services.

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

49.1 Subd. 4. **Retroactive Medicare coverage.** (a) An individual who obtains Medicare
 49.2 coverage through the referendum under subdivision 2 may obtain retroactive coverage for
 49.3 the period specified in the modification of the agreement if employed by the governmental
 49.4 subdivision or by the special authority or district on the date of the modification of the
 49.5 agreement. The individual must pay an amount equal to the Medicare taxes which would
 49.6 have been imposed on the employee had the service been covered at the time performed.
 49.7 The employing local governmental subdivision or special authority or district must pay
 49.8 the necessary employer contributions for the retroactive Medicare coverage period.
 49.9 Nothing in this section shall require an employee or elected official to elect retroactive
 49.10 Medicare coverage.

49.11 **Sec. 7. EFFECTIVE DATE.**

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

49.13 **ARTICLE 7**

49.14 **SUPPLEMENTAL RETIREMENT PLAN COVERAGE CHANGES**

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

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

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

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

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

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

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

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

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

50.5 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
50.6 and Universities and not covered by clause (5), to the supplemental retirement plan under
50.7 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
50.8 or in the collective bargaining agreement of the public employer with the exclusive
50.9 representative of the covered employees in an appropriate unit, in an amount matching
50.10 employee contributions on a dollar for dollar basis, but not to exceed an employer
50.11 contribution of \$2,700 a year for each employee;

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

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

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

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

50.31 or

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

50.35 (12) to the International Association of Machinists national pension fund for the
50.36 employees of a governmental subdivision who are covered by a collective bargaining

51.1 agreement that provides for coverage by that fund and that sets forth a fund contribution
51.2 rate, but not to exceed an employer contribution of \$5,000 per year per employee.

51.3 **Sec. 2. EFFECTIVE DATE.**

51.4 Section 1 is effective the day following final enactment.

51.5 **ARTICLE 8**

51.6 **RETIREMENT FUND INVESTMENT AUTHORITY CHANGES**

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

51.8 **354A.08 AUTHORIZED INVESTMENTS.**

51.9 In addition to investments authorized under section 356A.06, subdivision 7, a

51.10 teachers retirement fund association may receive, hold, and dispose of real estate or
51.11 personal property acquired by it, whether the acquisition was by purchase, or any other
51.12 lawful means, as provided in this chapter or in the association's articles of incorporation.

51.13 In addition to other authorized real estate investments, an association may also invest
51.14 funds in Minnesota situs nonfarm real estate ownership interests or loans secured by
51.15 mortgages or deeds of trust. The board may also certify assets for investment by the State
51.16 Board of Investment as provided under section 11A.17.

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

51.18 **Subd. 5. Investment.** The assets of the annuity reserve fund must be invested,
51.19 reinvested, and retained ~~in the discretion of~~ by the board of trustees of the Minneapolis
51.20 Teachers Retirement Fund Association in authorized investments under section ~~11A.24~~
51.21 356A.06, subdivision 7.

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

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

51.30 (b) If after four years of reporting under this paragraph, the total portfolio time
51.31 weighted rate of return, net of all investment related costs and fees, provided by the public
51.32 pension plan differs by no more than 0.1% from the comparable return for the plan
51.33 calculated by the office of the state auditor, and if a public pension plan has a total market
51.34 value of ~~\$10,000,000~~ \$25,000,000 or more as of the beginning of the calendar year, and if
51.35 the public pension plan's annual audit is performed by the state auditor or by the legislative

52.1 auditor, the report required by subdivision 1 must include the market value of the total
52.2 portfolio and the market value of each investment account, investment portfolio, or asset
52.3 class included in the pension fund as of the beginning of the calendar year and as of the
52.4 end of the calendar year. At the discretion of the state auditor, the public pension plan may
52.5 be required to submit the market value of the total portfolio and the market value of each
52.6 investment account, investment portfolio, or asset class included in the pension fund for
52.7 each month, and the amount and date of each injection and withdrawal to the total portfolio
52.8 and to each investment account, investment portfolio, or asset class. If a public pension
52.9 plan once files a report under this paragraph the market value of a public pension plan's
52.10 fund drops below \$25,000,000 in a subsequent year, it must continue reporting under this
52.11 paragraph for any subsequent year in which the public pension plan is not fully invested as
52.12 specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in
52.13 market value in that subsequent year except that if the public pension plan's annual audit
52.14 is not performed by the state auditor or legislative auditor, paragraph (c) applies.

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

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

52.30 (e) If a public pension plan has a total market value of less than \$10,000,000
52.31 \$25,000,000 as of the beginning of the calendar year and was never required to file under
52.32 paragraph (b) or (c), the report required by subdivision 1 must include the amount and
52.33 date of each total portfolio injection and withdrawal. In addition, the report must include
52.34 the market value of the total portfolio as of the beginning of the calendar year and for
52.35 each quarter.

53.1 ~~(e)~~ (f) Any public pension plan reporting under paragraph (b) or ~~(d)~~ may (c) must
 53.2 include computed time-weighted rates of return with the report, in addition to all other
 53.3 required information, as applicable. ~~If these returns are supplied, the individual who~~
 53.4 ~~computed~~ The chief administrative officer of the public pension plan submitting the returns
 53.5 must certify on a form prescribed by the state auditor that the returns have been computed
 53.6 by the pension plan's investment performance consultant or custodial bank. The chief
 53.7 administrative officer of the public pension plan submitting the returns also must certify
 53.8 that the returns are net of all costs and fees, including investment management fees, and
 53.9 that the procedures used to compute the returns are consistent with Bank Administration
 53.10 Institute studies of investment performance measurement and Association for Investment
 53.11 Management and Research presentation standards set by the Certified Financial Analyst
 53.12 Institute. If the certifications required under this paragraph are not provided, the reporting
 53.13 requirements of paragraph (c) apply.

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

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

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

53.31 (b) For each public pension plan reporting under subdivision 3, paragraph (b), the
 53.32 state auditor shall ~~compute and~~ report total portfolio and asset class time-weighted rates of
 53.33 return, net of all investment-related costs and fees. If the state auditor has required a plan
 53.34 to submit the market value of the total portfolio and the market value of each investment
 53.35 account, investment portfolio, or asset class included in the pension fund for each month,
 53.36 and the amount and date of each injection and withdrawal to the total portfolio and to each

54.1 investment account, investment portfolio, or asset class as prescribed under subdivision
 54.2 3, paragraph (b), the state auditor shall also compute and report total portfolio and asset
 54.3 class time-weighted rates of return, net of all costs and fees.

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

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

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

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

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

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

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

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

55.1 the principal and interest is payable in United States dollars; (3) the states and their
55.2 municipalities, political subdivisions, agencies, or instrumentalities; (4) the International
55.3 Bank for Reconstruction and Development, the Inter-American Development Bank, the
55.4 Asian Development Bank, the African Development Bank, or any other United States
55.5 government sponsored organization of which the United States is a member, provided the
55.6 principal and interest is payable in United States dollars.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

56.15 (3) In addition to investments authorized by clause (1), item (iv), the covered
56.16 pension plan may purchase from the Minnesota Housing Finance Agency all or any part of
56.17 a pool of residential mortgages, not in default, that has previously been financed by the
56.18 issuance of bonds or notes of the agency. The covered pension plan may also enter into
56.19 a commitment with the agency, at the time of any issue of bonds or notes, to purchase
56.20 at a specified future date, not exceeding 12 years from the date of the issue, the amount
56.21 of mortgage loans then outstanding and not in default that have been made or purchased
56.22 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable
56.23 fees for any such commitment and may agree to purchase the mortgage loans at a price
56.24 sufficient to produce a yield to the covered pension plan comparable, in its judgment,
56.25 to the yield available on similar mortgage loans at the date of the bonds or notes. The
56.26 covered pension plan may also enter into agreements with the agency for the investment
56.27 of any portion of the funds of the agency. The agreement must cover the period of the
56.28 investment, withdrawal privileges, and any guaranteed rate of return.

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

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

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

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

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

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

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

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

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

57.24 (i) venture capital investment businesses through participation in limited partnerships
 57.25 and corporations;

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

57.29 (iii) regional and mutual funds through bank sponsored collective funds and
 57.30 open-end investment companies registered under the Federal Investment Company Act of
 57.31 1940 which do not qualify under paragraph (h);

57.32 (iv) resource investments through limited partnerships, private placements, and
 57.33 corporations; and

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

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

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

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

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

58.8 (iv) covered pension plan participation in a limited partnership does not include a
58.9 general partnership interest or other interest involving general liability. The covered
58.10 pension plan may not engage in any activity as a limited partner which creates general
58.11 liability.

58.12 **Sec. 6. TRANSITION PROVISION.**

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

58.16 **Sec. 7. EFFECTIVE DATE.**

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

58.18 **ARTICLE 9**

58.19 **MINNEAPOLIS EMPLOYEES RETIREMENT FUND CHANGES**

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

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

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

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

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

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

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

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

59.13 (c) To the extent that the deposit accumulation fund has insufficient assets to transfer
14 the total value of the required reserves for retirement annuities to either the fund under
59.15 subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required,
59.16 the deposit accumulation fund has a transfer amount payable on which an interest charge
59.17 accrues. The executive director must determine the interest charge for the period that
59.18 transfer amount payable remains unpaid at an annual rate equal to five percent plus
59.19 the percentage increase in the amount of the annual Consumer Price Index for urban
59.20 wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the
59.21 United States Department of Labor from the previous June 30. The interest charge must
59.22 be reflected in the books of the Minneapolis Employees Retirement Fund and assessed
59.23 against the deposit accumulation fund based on the average quarterly transfer amount
59.24 payable balance outstanding. Any revenue received by the deposit accumulation fund
59.25 subsequent to unpaid transfers must be transferred from the deposit accumulation fund
59.26 to the disability benefit fund or to the retirement fund, whichever applies, must first be
59.27 applied to any remaining interest charge and then must be applied to the principal amount
59.28 of transfer amount payable outstanding.

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

59.30 Subd. 5. **Transfer of reserves to retirement benefit fund; adjustments of**
59.31 **annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities
59.32 as determined in accordance with the appropriate mortality table adopted by the board of
59.33 trustees based on the experience of the fund as recommended by the ~~commission-retained~~
59.34 actuary retained under section 356.214 and using the postretirement interest assumption
59.35 specified in section 356.215, subdivision 8, ~~shall~~ must be transferred to the disability

60.1 benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any
60.2 amounts payable from the survivor benefit fund, as of date of retirement.

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

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

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

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

60.16 Sec. 4. Minnesota Statutes 2004, section 422A.06, subdivision 7, is amended to read:

60.17 **Subd. 7. Disability benefit fund.** (a) Unless subdivision 3, paragraph (c), applies,
60.18 the required reserves for disability allowances which become effective after December
60.19 31, 1973, ~~shall~~ must be transferred from the deposit accumulation fund to the disability
60.20 benefit fund. A proportionate share of income from investments ~~shall~~ must be allocated
60.21 to this fund and any interest charge under subdivision 3, paragraph (c), must be credited
60.22 to the fund. ~~There shall be paid~~ From this fund, the disability allowances which become
60.23 effective after December 31, 1973, must be paid.

60.24 (b) In the event of termination of any disability allowance for any reason other than
60.25 the death of the recipient, the balance of the required reserves for the disability allowance
60.26 as of the date of termination ~~shall~~ must be transferred from the disability benefit fund to
60.27 the deposit accumulation fund.

60.28 (c) At the end of each fiscal year, as part of the annual actuarial valuation, a
60.29 determination ~~shall~~ must be made of the required reserves for all disability allowances
60.30 being paid from the disability benefit fund. Any excess of assets over actuarial required
60.31 reserves in the disability benefit fund ~~shall~~ must be transferred to the deposit accumulation
60.32 fund. Unless subdivision 3, paragraph (c), applies, any excess of actuarial reserves over
60.33 assets in the disability benefit fund ~~shall~~ must be funded by a transfer of the appropriate
60.34 amount of assets from the deposit accumulation fund.

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

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

61.5 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves
61.6 for retirement allowances ~~pursuant to under~~ this chapter determined in accordance with
61.7 the appropriate mortality table adopted by the board of trustees based on the experience of
61.8 the fund as recommended by the ~~commission-retained~~ actuary ~~shall~~ retained under section
61.9 356.214, must be transferred from the deposit accumulation fund to the retirement benefit
61.10 fund as of the last business day of the month in which the retirement allowance begins.
61.11 The income from investments of these assets ~~shall~~ must be allocated to this fund and any
61.12 interest charge under subdivision 3, paragraph (c), must be credited to the fund. There
61.13 ~~shall~~ must be paid from this fund the retirement annuities authorized by law. A required
61.14 reserve calculation for the retirement benefit fund must be made by the actuary retained
61.15 ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214 and
61.16 must be certified to the retirement board by the ~~commission-retained~~ actuary.

61.17 (c) The retirement benefit fund ~~shall~~ must be governed by the applicable laws
61.18 governing the accounting and audit procedures, investment, actuarial requirements,
61.19 calculation and payment of postretirement benefit adjustments, discharge of any deficiency
61.20 in the assets of the fund when compared to the actuarially determined required reserves,
61.21 and other applicable operations and procedures regarding the Minnesota postretirement
61.22 investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996,
61.23 section 11A.18, and any legal or administrative interpretations of those laws of the State
61.24 Board of Investment, the legal advisor to the Board of Investment and the executive
61.25 director of the State Board of Investment in effect on June 30, 1997. If a deferred yield
61.26 adjustment account is established for the Minnesota postretirement investment fund
61.27 before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the
61.28 retirement board shall also establish and maintain a deferred yield adjustment account
61.29 within this fund.

61.30 (d) Annually, following the calculation of any postretirement adjustment payable
61.31 from the retirement benefit fund, the board of trustees shall submit a report to the
61.32 executive director of the Legislative Commission on Pensions and Retirement and to the
61.33 commissioner of finance indicating the amount of any postretirement adjustment and
61.34 the underlying calculations on which that postretirement adjustment amount is based,
61.35 including the amount of dividends, the amount of interest, and the amount of net realized
61.36 capital gains or losses utilized in the calculations.

62.1 (e) With respect to a former contributing member who began receiving a retirement
62.2 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June
62.3 30,1997, or with respect to a survivor of a former contributing member who began
62.4 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June
62.5 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living
62.6 adjustment payable to those annuity or benefit recipients annually must be transferred back
62.7 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.
62.8 The calculation of this annual reduced cost-of-living adjustment reserve transfer must
62.9 be reviewed by the actuary retained by ~~the Legislative Commission on Pensions and~~
62.10 Retirement under section 356.214.

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

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

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

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

62.24 (d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000,
62.25 the excess must be allocated to and paid to the fund by the employers identified in
62.26 subdivisions 1a and 2, other than units of metropolitan government. Each employer's
62.27 share of the excess is proportionate to the employer's share of the fund's unfunded
62.28 actuarial accrued liability as disclosed in the annual actuarial valuation prepared by
62.29 the actuary retained by ~~the Legislative Commission on Pensions and Retirement under~~
62.30 section 356.214 compared to the total unfunded actuarial accrued liability attributed
62.31 to all employers identified in subdivisions 1a and 2, other than units of metropolitan
62.32 government. Payments must be made in equal installments as set forth in paragraph (b).

62.33 Sec. 7. **REPEALER.**

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

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

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

63.4 **ARTICLE 10**

63.5 **MINNEAPOLIS POLICE RELIEF ASSOCIATION CHANGES**

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

63.7 **423B.07 AUTHORIZED FUND DISBURSEMENTS.**

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

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

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

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

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

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

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

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

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

	<u>A</u>	<u>B</u>
5 years	8.0 <u>8.5</u> units	<u>9.0</u> units
6 years	9.6 <u>10.1</u> units	<u>10.6</u> units
7 years	11.2 <u>11.7</u> units	<u>12.2</u> units
8 years	12.8 <u>13.3</u> units	<u>13.8</u> units
9 years	14.4 <u>14.9</u> units	<u>15.4</u> units
10 years	16.0 <u>16.5</u> units	<u>17.0</u> units
11 years	17.6 <u>18.1</u> units	<u>18.6</u> units
12 years	19.2 <u>19.7</u> units	<u>20.2</u> units
13 years	20.8 <u>21.3</u> units	<u>21.8</u> units

64.1	14 years	22.4 <u>22.9</u> units	<u>23.4</u> units
64.2	15 years	24.0 <u>24.5</u> units	<u>25.0</u> units
64.3	16 years	25.6 <u>26.1</u> units	<u>26.6</u> units
64.4	17 years	27.2 <u>27.7</u> units	<u>28.2</u> units
64.5	18 years	28.8 <u>29.3</u> units	<u>29.8</u> units
64.6	19 years	30.4 <u>30.9</u> units	<u>31.4</u> units
64.7		A	B
64.8	20 years	34.5 units	35.0 units
64.9	21 years	36.1 units	36.6 units
64.10	22 years	37.7 units	38.2 units
64.11	23 years	39.3 units	39.8 units
64.12	24 years	40.9 units	41.4 units
64.13	25 years	42.5 units	43.0 units

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

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

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

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

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

64.28 (a) Section 1 is effective the day after the date of approval by the city council of
 64.29 the city of Minneapolis and the timely completion by the chief clerical officer of the city
 64.30 of Minneapolis of compliance with Minnesota Statutes, section 645.021, subdivisions
 64.31 2 and 3.

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

64.35

ARTICLE 11

64.36

RECODIFICATION OF VARIOUS

64.37

STATEWIDE SPECIALTY RETIREMENT PLANS

64.38

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

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

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

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

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

65.14 Subd. 1b. **Average monthly salary.** "Average monthly salary" means the average
65.15 of the member's highest five successive years of salary that was received as a member
65.16 of the legislature and upon which the member has made contributions under section
65.17 3A.03, subdivision 1, or for which the member of the legislature has made payments for
65.18 past service under Minnesota Statutes 2004, section 3A.02, subdivision 2, or has made,
65.19 before July 1, 1994, payments in lieu of contributions under Minnesota Statutes 1992,
65.20 section 3A.031.

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

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

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

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

3 (b) The term also includes any child of the member of the legislature or former
65.34 legislator who was conceived during the lifetime of, and who was born after the death of,

66.1 the member or former legislator. ~~This subdivision shall be retroactive as to any dependent~~
66.2 ~~child under the age of 22 years as of April 1, 1975.~~

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

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

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

66.8 Subd. 6b. **Former legislator.** "Former legislator" means a legislator who has
66.9 ceased to be a member of the legislature for any reason, including, but not limited to, the
66.10 expiration of the term for which a member of the legislature was elected or the death
66.11 of the member.

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

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

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

66.20 Subd. 8. **Normal retirement age.** "Normal retirement age" means the age of 60
66.21 ~~years with regard to any member of the legislature whose service terminates prior to the~~
66.22 ~~beginning of the 1981 legislative session, and the age of 62 years with regard to any~~
66.23 ~~member of the legislature whose service terminates after the beginning of the 1981 session.~~

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

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

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

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

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

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

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

67.6 **3A.011 ADMINISTRATION OF PLAN.**

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

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

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

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

67.16 (2) has attained the normal retirement age;

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

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

67.21 ~~(b) This paragraph applies to members of the legislature who terminate service as~~
 67.22 ~~a legislator before July 1, 1997. For service rendered before the beginning of the 1979~~
 67.23 ~~legislative session, but not to exceed eight years of service, the retirement allowance is~~
 67.24 ~~an amount equal to five percent per year of service of that member's average monthly~~
 67.25 ~~salary. For service in excess of eight years rendered before the beginning of the 1979~~
 67.26 ~~legislative session, and for service rendered after the beginning of the 1979 legislative~~
 67.27 ~~session; Unless the former legislator has legislative service before January 1, 1979, the~~
 67.28 ~~retirement allowance is an amount equal to 2-1/2 percent per year of service of that~~
 67.29 ~~member's average monthly salary;~~

67.30 ~~(c) This paragraph applies to members of the legislature who terminate service as~~
 67.31 ~~a legislator after June 30, 1997. The retirement allowance is an amount equal to the~~
 67.32 ~~applicable rate or rates under paragraph (b) per year of service of the member's average~~
 67.33 ~~monthly salary and adjusted for that person on an actuarial equivalent basis to reflect the~~
 67.34 ~~change in the postretirement interest rate actuarial assumption under section 356.215,~~
 67.35 ~~subdivision 8, from five percent to six percent. The adjustment must be calculated by or,~~
 67.36 ~~alternatively, the adjustment procedure must be specified by, the actuary retained by the~~

68.1 ~~Legislative Commission on Pensions and Retirement~~ under section 356.214. The purpose
 68.2 of this adjustment is to ensure that the total amount of benefits that the actuary predicts
 68.3 an individual member will receive over the member's lifetime under this paragraph will
 68.4 be the same as the total amount of benefits the actuary predicts the individual member
 68.5 would receive over the member's lifetime under the law in effect before enactment of this
 68.6 paragraph. If the former legislator has legislative service before January 1, 1979, the
 68.7 person's benefit must include the additional benefit amount in effect on January 1, 1979,
 68.8 and adjusted as otherwise provided in this paragraph.

68.9 ~~(d)~~ (c) The retirement allowance accrues beginning with the first day of the month
 68.10 of receipt of the application, but not before age 60, and for the remainder of the former
 68.11 legislator's life, if the former legislator is not serving as a member of the legislature or as a
 68.12 constitutional officer ~~or commissioner~~ as defined in section ~~352C.021, subdivisions 2 and~~
 68.13 ~~3~~ 3A.01, subdivision 1c. The annuity does not begin to accrue ~~prior to~~ before the person's
 68.14 retirement as a legislator. No annuity payment may be made retroactive for more than 180
 68.15 days before the date that the annuity application is filed with the director.

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

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

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

68.23 Subd. 1b. **Reduced retirement allowance.** (a) Upon separation from service after
 68.24 the beginning of the 1981 legislative session, a former member of the legislature who has
 68.25 attained the age set by the board of directors of the Minnesota State Retirement System
 68.26 and who is otherwise qualified ~~in accordance with~~ under subdivision 1 is entitled, upon
 68.27 making written application on ~~forms supplied~~ a form prescribed by the director, to a
 68.28 reduced retirement allowance in. The reduced retirement allowance is an amount equal
 68.29 to the retirement allowance specified in subdivision 1, paragraph (b), that is reduced so
 68.30 that the reduced annuity allowance is the actuarial equivalent of the annuity allowance
 68.31 that would be payable if the former member of the legislature deferred receipt of the
 68.32 annuity allowance and the annuity allowance amount ~~were~~ was augmented at an annual
 68.33 rate of three percent compounded annually from the date the annuity allowance begins to
 68.34 accrue until age 62.

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

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

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

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

69.9 Subd. 3. **Appropriation.** The amounts required for payment of retirement
69.10 allowances provided by this section are appropriated annually to the director from the
69.11 participation of the legislators retirement plan in the Minnesota postretirement investment
69.12 fund and shall. The retirement allowance must be paid monthly to the recipients entitled
69.13 thereto to those retirement allowances.

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

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

69.17 (b) The required reserves applicable to the deferred annuity retirement allowance,
69.18 determined as of the date the benefit begins to accrue using an appropriate mortality table
69.19 and an interest assumption of six percent, must be augmented from the first of the month
69.20 following the termination of active service, or July 1, 1973, whichever is later, to the
69.21 first day of the month in which the annuity allowance begins to accrue, at the following
69.22 annually compounded rate of five percent per annum compounded annually until January
69.23 1, 1981, and thereafter at the rate of three percent per annum compounded annually until
January 1 of the year in which the former legislator attains age 55. From that date to the
69.25 effective date of retirement, the rate is five percent compounded annually. or rates:

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

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

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

69.32 (b) ~~The retirement allowance of, or the survivor benefit payable on behalf of, a~~
69.33 ~~former member of the legislature who terminated service before July 1, 1997, which is~~
69.34 ~~not first payable until after June 30, 1997, must be increased on an actuarial equivalent~~
69.35 ~~basis to reflect the change in the postretirement interest rate actuarial assumption under~~
69.36 ~~section 356.215, subdivision 8, from five percent to six percent under a calculation~~

70.1 ~~procedure and tables adopted by the board of directors of the Minnesota State Retirement~~
 70.2 ~~System and approved by the actuary retained by the Legislative Commission on Pensions~~
 70.3 ~~and Retirement.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

71.14 Subdivision 1. **Surviving spouse.** (a) Upon the death of a member of the legislature
71.15 while serving as ~~such a member after June 30, 1973,~~ or upon the death of a former member
71.16 of the legislature with at least ~~the number of six full years of service as required by section~~
71.17 ~~3A.02, subdivision 1, clause (1)~~ or service in all or part of four regular legislative sessions,
71.18 the surviving spouse ~~shall be paid~~ is entitled to a survivor benefit in the amount of .

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

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

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

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

71.30 Subd. 2. **Dependent children.** (a) Upon the death of a member of the legislature
71.31 while serving as a member, or upon the death of a former member of the legislature who
71.32 has rendered at least ~~the number of six full years of service as required by section 3A.02,~~
71.33 ~~subdivision 1, clause (1)~~ or service in all or part of four regular legislative sessions and
71.34 who was not receiving a retirement allowance, each dependent child of the member or
71.35 former legislator ~~shall be~~ is entitled to receive a survivor benefit in the following amount:

72.1 (1) for the first dependent child, a monthly allowance which equals benefit equal to
 72.2 25 percent of the monthly retirement allowance of the member of the legislature or the
 72.3 former legislator computed as though the member or the former legislator had attained at
 72.4 least the normal retirement age on the date of death and based upon the average monthly
 72.5 salary as of the date of death or as of the date of termination, whichever is applicable
 72.6 applies, and the member's allowable service or eight years, whichever is greater;

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

72.10 (3) the total amount paid to the surviving spouse and to the dependent child or
 72.11 children shall may not exceed, in anyone month, 100 percent of the monthly retirement
 72.12 allowance of the member or of the former legislator computed as provided in the case of
 72.13 the first child clause (1).

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

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

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

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

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

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

72.31 Subd. 4. **Death refunds.** (a) Upon the death of a member of the legislature or
 72.32 of a former legislator who was not receiving a retirement allowance; without leaving
 72.33 either a surviving spouse or a dependent child or dependent children, the last designated
 72.34 beneficiary named on a form that was filed with the director before the death of the
 72.35 legislator, or if no designation is filed, the estate of the member or the former legislator,
 72.36 upon application, shall be is entitled to a refund.

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

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

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

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

73.9 **3A.05 APPLICATION FOR SURVIVOR BENEFIT.**

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

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

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

73.21 **3A.07 APPLICATION.**

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

73.25 (b) Members of the legislature who were elected for the first time after June 30,
 73.26 1997, or members of the legislature who were elected before July 1, 1997, and who, after
 73.27 July 1, 1998, elect not to be members of the plan established by this chapter are covered
 73.28 by the unclassified employees retirement program governed by chapter 352D.

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

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

3 Subdivision 1. Service credit for legislative term. (a) In the case of a member of
 73.34 the house of representatives, one full term of office shall must be considered two full years

74.1 of service, notwithstanding the fact that the oath of office ~~may be~~ was taken on different
74.2 days each biennium.

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

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

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

74.9 **3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR**
74.10 **ASSOCIATION.**

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

74.15 (b) This section applies to any retirement plan or program administered by the
74.16 Minnesota State Retirement System, or a member of any retirement plan administered
74.17 by the Public Employees Retirement Association, including the Public Employees
74.18 Retirement Association police and fire fund, or the Teachers Retirement Association, or
74.19 the Minneapolis employees retirement Fund plan, or the State Patrol retirement fund
74.20 plan, or any other public employee retirement system in the state of Minnesota having a
74.21 like provision but excluding all.

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

74.26 (d) No portion of the allowable service upon which the retirement annuity from one
74.27 ~~fund plan~~ is based is again used in the computation for benefits from another fund plan.
74.28 The annuity from each ~~fund~~ shall plan must be determined by the appropriate provisions
74.29 of the law, except that the requirement that a person must have ~~at least ten~~ a minimum
74.30 number of years of allowable service in the respective system or association shall does not
74.31 apply for the purposes of this section provided if the combined service in two or more
74.32 of these funds plans equals ten or more years. The augmentation of deferred annuities
74.33 provided in section 3A.02, subdivision 4, shall apply applies to the annuities accruing
74.34 hereunder under this section.

74.35 Subd. 2. **Refund repayment.** ~~Any~~ A former legislator who has received a refund as
74.36 provided in section 3A.03, subdivision 2, who is a currently contributing member of a

75.1 retirement ~~fund~~ plan specified in subdivision 1, paragraph (b), may repay the refund as
 75.2 provided in section 3A.03, subdivision 2. ~~Any~~ A member of the legislature who has
 75.3 received a refund from any of the ~~funds~~ retirement plans specified in subdivision 1; may
 75.4 repay the refund to the respective ~~fund~~ plan under such terms and conditions consistent
 75.5 with the law governing ~~such fund~~ the retirement plan if the law governing ~~such fund~~ the
 75.6 plan permits the repayment of refunds. If the total amount to be repaid, including principal
 75.7 and interest exceeds \$2,000, repayment maybe made in three equal installments over a
 75.8 period of 18 months, with the interest accrued during the period of the repayment added
 75.9 to the final installment.

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

75.11 **3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH**
 75.12 **PREMIUM DEDUCTION.**

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

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

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

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

75.24 (b) Nothing in this section or section 31 or 84, subdivision 2, is intended to reduce
 75.25 the benefits of former constitutional officers or to adversely modify their eligibility for
 75.26 benefits in effect as of the day before the effective date of this section.

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

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

75.31 (b) The elected state officers retirement plan must be administered consistent with
 75.32 ~~this chapter~~ the applicable statutory provisions governing the plan and chapters 356 and
 75.33 356A.

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

75.35 **352C.10 BENEFIT ADJUSTMENTS.**

76.1 Retirement allowances payable to retired constitutional officers ~~pursuant to section~~
76.2 ~~352C.031~~ and surviving spouse benefits payable ~~pursuant to section 352C.04~~, shall must
76.3 be adjusted in the same manner, at the same times and in the same amounts as are benefits
76.4 payable from the Minnesota postretirement investment fund to retirees of a participating
76.5 public pension fund.

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

76.7 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
76.8 (3), (4), and (6) to (14), if they are in the unclassified service of the state or Metropolitan
76.9 Council and are eligible for coverage under the general state employees retirement plan
76.10 under chapter 352, are participants in the unclassified plan under this chapter unless the
76.11 employee gives notice to the executive director of the Minnesota State Retirement System
76.12 within one year following the commencement of employment in the unclassified service
76.13 that the employee desires coverage under the general state employees retirement plan.
76.14 For the purposes of this chapter, an employee who does not file notice with the executive
76.15 director is deemed to have exercised the option to participate in the unclassified plan.

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

76.23 (c) Enumerated employees and referenced persons are:

76.24 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
76.25 and the attorney general;

76.26 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
76.27 of State, State Auditor, Attorney General;

76.28 (3) an employee of the State Board of Investment;

76.29 (4) the head of a department, division, or agency created by statute in the unclassified
76.30 service, an acting department head subsequently appointed to the position, or an employee
76.31 enumerated in section 15A.0815 or 15A.083, subdivision 4;

76.32 (5) a member of the legislature;

76.33 (6) a full-time unclassified employee of the legislature or a commission or agency of
76.34 the legislature who is appointed without a limit on the duration of the employment or a
76.35 temporary legislative employee having shares in the supplemental retirement fund as a

77.1 result of former employment covered by this chapter, whether or not eligible for coverage
77.2 under the Minnesota State Retirement System;

77.3 (7) a person who is employed in a position established under section 43A.08,
77.4 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
77.5 a department or agency of the state, which is at the deputy or assistant head of department
77.6 or agency or director level;

77.7 (8) the regional administrator, or executive director of the Metropolitan Council,
77.8 general counsel, division directors, operations managers, and other positions as designated
77.9 by the council, all of which may not exceed 27 positions at the council and the chair;

77.10 (9) the executive director, associate executive director, and not to exceed nine
77.11 positions of the Higher Education Services Office in the unclassified service, as designated
77.12 by the Higher Education Services Office before January 1, 1992, or subsequently
77.13 redesignated with the approval of the board of directors of the Minnesota State Retirement
77.14 System, unless the person has elected coverage by the individual retirement account
77.15 plan under chapter 354B;

77.16 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
77.17 Constitution of the state of Minnesota;

77.18 (11) the chief executive officers of correctional facilities operated by the Department
77.19 of Corrections and of hospitals and nursing homes operated by the Department of Human
77.20 Services;

77.21 (12) an employee whose principal employment is at the state ceremonial house;

77.22 (13) an employee of the Minnesota Educational Computing Corporation;

77.23 (14) an employee of the State Lottery who is covered by the managerial plan
77.24 established under section 43A.18, subdivision 3; and

77.25 (15) a judge who has exceeded the service credit limit in section 490.121,
77.26 subdivision 22.

77.27 **Sec. 34. REPEALER; EFFECT ON BENEFIT COVERAGE.**

77.28 **Subdivision 1. Legislators retirement plan; repealed as obsolete. Minnesota**
77.29 **Statutes 2004, sections 3A.01, subdivisions 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04,**
77.30 **subdivision 1a; and 3A.09, are repealed.**

77.31 **Subd. 2. Elective state officers retirement plan; repealed as obsolete. Minnesota**
77.32 **Statutes 2004, sections 352C.01; 352C.011; 352C.021, subdivisions 1, 2, 3, 4, 5, 6, and**
77.33 **7; 352C.031, subdivisions 1, 2, 4, 5, and 6; 352C.033; 352C.04; 352C.051; 352C.09;**
77.34 **and 352C.091, subdivisions 2 and 3, and Minnesota Statutes 2005 Supplement, section**
77.35 **352C.021, subdivision 1a, are repealed.**

78.1 Sec. 35. **EFFECTIVE DATE.**78.2 Sections 1 to 34 are effective July 1, 2006.

78.3

ARTICLE 12

78.4

JUDGES RETIREMENT PLAN AND

78.5

BOARD ON JUDICIAL STANDARDS RECODIFICATION

78.6 Section 1. Minnesota Statutes 2004, section 490.121, subdivision 1, is amended to read:

78.7 Subdivision 1. **Scope.** For purposes of sections 490.121 to 490.132, unless the
78.8 context clearly indicates otherwise, each of the terms defined in this section have has the
78.9 meanings meaning given them unless the context clearly indicates otherwise it.78.10 Sec. 2. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
78.11 to read:78.12 Subd. 2a. **Actuarial equivalent.** "Actuarial equivalent" means the condition
78.13 of one annuity or benefit having an equal actuarial present value as another annuity or
78.14 benefit, determined as of a given date with each actuarial present value based on the
78.15 appropriate mortality table adopted by the board of directors of the Minnesota State
78.16 Retirement System based on the experience of the fund as recommended by the actuary
78.17 retained under section 356.214 and approved under section 356.215, subdivision 18, and
78.18 using the applicable preretirement or postretirement interest rate assumption specified
78.19 in section 356.215, subdivision 8.

78.20 Sec. 3. Minnesota Statutes 2004, section 490.121, subdivision 4, is amended to read:

78.21 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month,
78.22 subject to the service credit limit in subdivision 22, served as a judge at any time, ~~or~~ during
78.23 which the judge received compensation for that service from the state, municipality,
78.24 or county, whichever applies, and for which the judge made any required member
78.25 contribution. It also includes any month served as a referee in probate for all referees in
78.26 probate who were in office prior to before January 1, 1974.78.27 (b) "Allowable service" does not mean service as a retired judge.

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

78.29 Subd. 6. **Annuity.** "Annuity" means the payments that are made each year to an
78.30 annuitant from the judges' retirement fund, pursuant to the provisions of under sections
78.31 490.121 to 490.132.

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

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

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

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

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

79.7 Subd. 7b. **Court.** "Court" means any court of this state that is established by the
79.8 Minnesota Constitution.

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

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

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

79.18 Subd. 13. **Disability.** "Disability" means the permanent inability of a judge to
79.19 continue to perform the functions of judge by reason of a physical or mental impairment
79.20 resulting from a sickness or an injury.

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

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

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

79.26 Subd. 15. **Disability retirement annuity.** "Disability retirement annuity" means an
79.27 annuity to which a judge is entitled under section 490.124, subdivisions 1 and 4, after the
79.28 retirement ~~for reason of~~ the judge because of a disability.

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

79.31 Subd. 15a. **Early retirement date.** "Early retirement date" means the last day
79.32 of the month after a judge attains the age of 60 but before the judge reaches the normal
3 retirement date.

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

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

80.6 Sec. 14. Minnesota Statutes 2004, section 490.121, subdivision 21, is amended to read:

80.7 Subd. 21. **Final average compensation.** "Final average compensation" means the
80.8 total amount of the salary payable to a judge in the highest five years out of the last ten
80.9 years ~~prior to before the event of maturity of benefits~~ termination of judicial service,
80.10 divided by five; ~~provided, however, that~~ if the number of years of service by the judge
80.11 equals or exceeds ten. If the number of years of service by the judge is less than ten, but
80.12 more than five, the highest five ~~shall~~ years of salary must be counted, ~~and~~ .If the number
80.13 of years of service by the judge is less than five, the aggregate salary ~~in such~~ for the
80.14 period ~~shall~~ of service must be divided by the number of months in ~~such~~ the period and
80.15 multiplied by 12.

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

80.18 Subd. 21a. **Judge.** "Judge" means a judge or a justice of any court as defined under
80.19 subdivision 7b.

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

80.22 Subd. 21b. **Judges' retirement fund; retirement fund; fund.** "Judges' retirement
80.23 fund," "retirement fund," or "fund" means the fund created by section 490.123.

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

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

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

80.30 Subd. 21d. **Normal retirement annuity.** Except as otherwise provided in sections
80.31 490.121 to 490.132, "normal retirement annuity" means an annuity to which a judge is
80.32 entitled under section 490.124, subdivision 1, upon retirement on or after the normal
80.33 retirement date of the judge.

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

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

81.3 Sec. 20. Minnesota Statutes 2004, section 490.121, subdivision 22, is amended to read:

81.4 Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1)
 81.5 24 years of allowable service under this chapter 490; or (2) for judges with allowable
 81.6 service rendered ~~prior to~~ before July 1, 1980, the number of years of allowable service
 81.7 under chapter 490, which, when multiplied by the percentage listed in section 356.315,
 81.8 subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

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

81.11 Subd. 23. Surviving spouse. "Surviving spouse" means the surviving legally
 81.12 married spouse of a deceased judge.

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

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

81.17 Sec. 23. Minnesota Statutes 2004, section 490.122, is amended to read:

81.18 **490.122 ADMINISTRATION OF JUDGES' RETIREMENT.**

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

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

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

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

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

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

82.4 (c) From this fund there are appropriated the payments authorized by sections
82.5 490.121 to 490.132, in the amounts and at the times provided, including the necessary and
82.6 reasonable expenses of the Minnesota State Retirement System in administering the fund
82.7 and the transfers to the Minnesota postretirement investment fund.

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

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

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

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

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

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

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

82.23 (b) The employer contribution must be paid by the state court administrator and.
82.24 The employer contribution is payable at the same time as member contributions are made
82.25 under subdivision 1a or as employee contributions are made to the unclassified plan in
82.26 program governed by chapter 352D for judges whose service exceeds the limit in section
82.27 490.121, subdivision 22, are remitted.

82.28 Sec. 27. Minnesota Statutes 2004, section 490.123, subdivision 1c, is amended to read:

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

83.1 Sec. 28. Minnesota Statutes 2004, section 490.123, subdivision 2, is amended to read:

83.2 Subd. 2. **Commissioner of finance.** The commissioner of finance ~~shall be~~ is the ex
 83.3 officio treasurer of the judges' retirement fund ~~and the.~~ The commissioner's general bond
 83.4 to the state ~~shall~~ must be so-conditioned as to cover all liability for acting as the treasurer
 83.5 of ~~this~~ the fund. All ~~moneys~~ money received by the commissioner ~~pursuant to~~ under this
 83.6 section ~~shall~~ must be set aside in the state treasury to the credit of the judges' retirement
 83.7 fund. ~~The commissioner shall transmit monthly to the executive director described in~~
 83.8 ~~section 352.03, subdivision 5, a detailed statement of all amounts so received and credited~~
 83.9 ~~to the fund. The commissioner shall pay out the fund only upon vouchers signed by said~~
 83.10 ~~executive director; provided that vouchers for investment may be signed by the secretary~~
 83.11 ~~of the State Board of Investment.~~

83.12 Sec. 29. Minnesota Statutes 2004, section 490.123, subdivision 3, is amended to read:

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

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

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

83.23 Sec. 30. Minnesota Statutes 2004, section 490.124, subdivision 1, is amended to read:

83.24 Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from
 83.25 and after the mandatory retirement date, the normal retirement date, the early retirement
 83.26 date, or one year from the disability retirement date, as the case maybe, a retiring judge
 83.27 is eligible to receive a retirement annuity ~~shall be payable to a retiring judge~~ from the
 83.28 judges' retirement fund ~~in~~.

83.29 (b) The retirement annuity is an amount equal to: (1) the percent specified in section
 83.30 356.315, subdivision 7, multiplied by the judge's final average compensation with that
 83.31 result then multiplied by the number of years and fractions of years of allowable service
 83.32 rendered ~~prior to~~ before July 1, 1980; plus (2) the percent specified in section 356.315,
 83.33 subdivision 8, multiplied by the judge's final average compensation with that result then
 83.34 multiplied by the number of years and fractions of years of allowable service rendered
 83.35 after June 30, 1980.

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

84.5 Sec. 31. Minnesota Statutes 2004, section 490.124, subdivision 2, is amended to read:

84.6 Subd. 2. **Minimum service requirement; extension of term.** ~~No~~ (a) Unless section
84.7 356.30 applies, a judge shall be is not eligible for an annuity at the normal retirement date
84.8 or the early retirement date if the judge has less than five years of allowable service.

84.9 (b) A judge who ~~shall retire~~ retires on or, as permitted under sections 490.121 to
84.10 490.132, after the judge's mandatory retirement date, shall be is entitled to a proportionate
84.11 annuity based upon the allowable service of the judge at the date of retirement.

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

84.21 Sec. 32. Minnesota Statutes 2004, section 490.124, subdivision 3, is amended to read:

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

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

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

84.31 (b) From and after disability retirement date, a disabled judge ~~shall be~~ is entitled to
84.32 continuation of the judge's full salary payable by the judge's employer, as if the judge's
84.33 office were not vacated by retirement, for a period of up to one full year, but in no event
84.34 beyond the judge's mandatory retirement date. During this year the judge ~~will~~ is entitled
84.35 to earn additional service credit in the judges' retirement plan. The salary ~~earned will be~~

85.1 payable to a disabled judge is subject to retirement deductions and ~~will~~ must be included
85.2 in computing final average compensation of the judge. Thereafter

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

85.9 Sec. 34. Minnesota Statutes 2004, section 490.124, subdivision 5, is amended to read:

85.10 Subd. 5. **Deferred benefits.** (a) ~~Any~~ A benefit to which a judge is entitled under this
85.11 section may be deferred until the early or normal retirement date or later, notwithstanding
85.12 the termination of such the judge's service prior thereto.

85.13 (b) The retirement annuity of, or the survivor benefit payable on behalf of, a former
85.14 judge, who terminated service before July 1, 1997, which is not first payable until after
85.15 June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in
85.16 the postretirement interest rate actuarial assumption under section 356.215, subdivision 8,
85.17 from five percent to six percent under a calculation procedure and tables adopted by the
85.18 board of directors of the Minnesota State Retirement System and approved by the actuary
85.19 ~~retained by the Legislative Commission on Pensions and Retirement~~ under section 356.214.

85.20 Sec. 35. Minnesota Statutes 2004, section 490.124, subdivision 8, is amended to read:

85.21 Subd. 8. **Exclusive normal retirement benefits.** ~~Any~~ (a) Except as provided in
85.22 paragraph (b), a judge who retires after December 31, 1973, ~~shall be~~ is entitled to a
85.23 retirement pension, retirement compensation or other retirement payment under statutes
85.24 applicable solely to judges pursuant to under this section only, ~~except that any such~~

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

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

85.32 Sec. 36. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

85.33 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to before
85.34 retirement, or upon the death of a person who has qualified for an annuity under this
85.35 section but who ceases to be a judge prior to before retirement and has who not received a

86.1 refund of contributions ~~pursuant to~~ under subdivision 12, a surviving spouse is entitled
 86.2 to, or, if there be no surviving spouse, dependent children, ~~shall~~ are entitled to receive an
 86.3 annuity, payable monthly, equal in total to 60 percent of the normal retirement annuity
 86.4 which would have been payable to the judge or former judge had the date of death been
 86.5 the normal retirement date, ~~provided that the~~.

86.6 (b) The annuity payable to a surviving spouse or to dependent children shall receive
 86.7 ~~an annuity is an amount~~ of not less than 25 percent of the judge's or the former judge's
 86.8 final average compensation.

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

86.14 Sec. 37. Minnesota Statutes 2004, section 490.124, subdivision 10, is amended to read:

86.15 Subd. 10. **Prior survivors' benefits; limitation.** (a) Benefits provided pursuant
 86.16 to under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.1091, for a
 86.17 surviving spouse of a retired judge, payable after the death of the judge, ~~shall be~~ are
 86.18 limited to:

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

86.20 (b) ~~spouses of judges in office on December 31, 1973 and thereafter who elect~~
 86.21 ~~to continue contributions pursuant to section 490.102, subdivision 6 or 490.109. The~~
 86.22 ~~contributions shall be in addition to contributions pursuant to section 490.123, and upon~~
 86.23 ~~retirement the judge may not elect to receive any optional annuity pursuant to subdivision~~
 86.24 ~~11 unless the judge and the spouse shall waive any benefits pursuant to section 490.102,~~
 86.25 ~~subdivision 6 or 490.1091.~~

86.26 No other judge in office on or after January 1, 1974, ~~shall be~~ is required to contribute
 86.27 pursuant to under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.109.

86.28 Sec. 38. Minnesota Statutes 2004, section 490.124, subdivision 11, is amended to read:

86.29 Subd. 11. **Limitation on survivor benefits; optional annuities.** (a) No survivor
 86.30 or death benefits may be paid in connection with the death of a judge who retires after
 86.31 December 31, 1973, except as otherwise provided in sections 490.121 to 490.132.

86.32 (b) Except as provided in subdivision 10, a judge may elect to receive, instead of
 86.33 the normal retirement annuity, an optional retirement annuity in the form of either (1) an
 86.34 annuity payable for a period certain and for life after that period, (2) a joint and survivor
 86.35 annuity without reinstatement in the event of if the designated beneficiary predeceasing

87.1 ~~predeceases~~ the retired judge, or (3) a joint and survivor annuity with reinstatement ~~in the~~
 87.2 ~~event of if~~ the designated beneficiary ~~predeceasing~~ ~~predeceases~~ the retired judge.

87.3 (c) An optional retirement annuity must be actuarially equivalent to a single-life
 .4 annuity with no term certain and must be established by the board of directors of the
 87.5 Minnesota State Retirement System. In establishing these optional retirement annuity
 87.6 forms, the board shall obtain the written recommendation of the actuary retained by
 87.7 ~~the Legislative Commission on Pensions and Retirement~~ under section 356.214. The
 87.8 recommendations must be retained as a part of the permanent records of the board.

87.9 Sec. 39. Minnesota Statutes 2004, section 490.124, subdivision 12, is amended to read:

87.10 Subd. 12. **Refund.** (a) A person who ceases to be a judge ~~but who does not qualify~~
 87.11 ~~for a retirement annuity or other benefit under section 490.121~~ is entitled to a refund in
 87.12 an amount that is equal to all of the member's employee contributions to the judges'
 87.13 retirement fund plus interest computed under section 352.22, subdivision 2.

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

87.16 (c) A person who becomes a judge again after taking a refund under paragraph
 87.17 (a) may reinstate the previously terminated allowable service credits credit, rights, and
 87.18 benefits by repaying the total amount of the previously received refund. The refund
 87.19 repayment must include interest on the total amount previously received at an annual rate
 87.20 of 8.5 percent, compounded annually, from the date on which the refund was received
 87.21 until the date on which the refund is repaid.

87.22 Sec. 40. Minnesota Statutes 2004, section 490.124, subdivision 13, is amended to read:

87.23 Subd. 13. **Death refund.** If a judge who has not received other benefits under this
 87.24 chapter dies and there are no survivor benefits payable under this chapter, a refund plus
 87.25 interest as provided in subdivision 12 is payable to the last designated beneficiary named
 87.26 on a form filed with the director before the death of the judge, or, if no designation is on
 87.27 ~~file, the refund is payable~~ to the estate of the deceased judge.

87.28 Sec. 41. Minnesota Statutes 2004, section 490.125, subdivision 1, is amended to read:

87.29 Subdivision 1. **Mandatory retirement age.** Except as otherwise provided in
 87.30 sections 490.121 to 490.132, each a judge shall retire terminate active service as a judge
 87.31 on the judge's mandatory retirement date.

87.32 Sec. 42. Minnesota Statutes 2004, section 490.125, subdivision 2, is amended to read:

87.33 Subd. 2. **Exception.** ~~Except as provided by sections 490.025, subdivision 3,~~
 87.34 ~~490.102, subdivisions 3 and 3a and 490.12, subdivision 2,~~ Any judge in office on

88.1 December 31, 1973 who shall have attained 70 years of age on or prior to such date shall
88.2 retire upon the expiration of the term of office of such judge.

88.3 Sec. 43. Minnesota Statutes 2004, section 490.126, is amended to read:

88.4 **490.126 PROCEDURES.**

88.5 Subdivision 1. **Compulsory retirement.** Proceedings for compulsory retirement
88.6 of a judge, if necessary, ~~shall~~ must be conducted in accordance with rules issued by the
88.7 Supreme Court ~~pursuant to~~ under section ~~490.16~~ 490A.02.

88.8 Subd. 2. **Vacancies.** Any judge may make written application to the governor for
88.9 retirement. The governor thereupon shall direct the judge's retirement by written order
88.10 which, when filed in the Office of the Secretary of State, ~~shall effect~~ effects a vacancy in
88.11 the office to be filled as provided by law.

88.12 Subd. 3. **Application for annuity or refund.** An application for an annuity or a
88.13 refund under sections 490.121 to 490.132 may be made by the potential annuitant or by
88.14 someone authorized to act for the potential annuitant. Every application for an annuity
88.15 or refund, ~~with~~ accompanied by a proof of age and by a record of years of service
88.16 when required, ~~shall~~ must be submitted to the ~~governing body~~ executive director of the
88.17 Minnesota State Retirement System in a form prescribed by it the director.

88.18 Subd. 4. **Manner of payment.** Unless otherwise specifically provided by statute or
88.19 agreed upon by the annuitant and the ~~governing body~~ board of directors of the Minnesota
88.20 State Retirement System, annuities payable under sections 490.121 to 490.132 ~~shall~~ must
88.21 be paid in the manner and at the intervals as prescribed by the executive director of the
88.22 Minnesota State Retirement System. The annuity ~~shall cease~~ ceases with the last payment
88.23 received by the annuitant while living.

88.24 Subd. 5. **Exemption from process; no assignment.** None of the money, annuities,
88.25 or other benefits provided in this chapter is assignable either in law or equity or is subject
88.26 to state estate tax, or to execution, levy, attachment, garnishment, or other legal process,
88.27 except as provided in section 518.58, 518.581, or 518.6111.

88.28 Sec. 44. Minnesota Statutes 2004, section 490.133, is amended to read:

88.29 **490.133 RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO**
88.30 **COURT OF APPEALS.**

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

89.1 (b) In that the case of a judge to whom paragraph (a) applies, the service of the
 89.2 judge in the Court of Appeals shall must be added to the prior service as district judge,
 89.3 probate judge, or judge of any other court of record in determining eligibility and the
 89.4 compensation of a judge of the Court of Appeals at the time of the judge's death, disability,
 89.5 or retirement shall be is the "compensation allotted to the office" for the purposes of
 89.6 calculating benefit amounts.

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

89.9 **Sec. 45. [490A.01] BOARD OF JUDICIAL STANDARDS; ESTABLISHMENT.**

89.10 Subdivision 1. Establishment; composition. The Board on Judicial Standards is
 89.11 established. The board is a continuation of the board established by Laws 1971, chapter
 89.12 909, sections 1 and 2, as amended.

89.13 Subd. 2. Composition; appointment. (a) The board consists of one judge of the
 89.14 Court of Appeals, three trial court judges, two lawyers who have practiced law in the state
 89.15 for at least ten years, and four citizens who are not judges, retired judges, or lawyers.

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

89.18 Subd. 3. Term maximum; membership termination. No member may serve more
 89.19 than two full four-year terms or their equivalent. Membership terminates if a member
 89.20 ceases to hold the position that qualified the member for appointment.

89.21 Subd. 4. Member terms; compensation; removal. The membership terms,
 89.22 compensation, removal of members, and filling of vacancies on the board are as provided
 89.23 in section 15.0575.

89.24 Subd. 5. Executive secretary appointment; salary. (a) The board shall appoint
 89.25 the executive secretary.

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

89.28 **Sec. 46. [490A.02] JUDICIAL STANDARDS BOARD; POWERS.**

89.29 Subdivision 1. Judicial disqualification. A judge is disqualified from acting as a
 89.30 judge, without a loss of salary, while there is pending an indictment or any information
 89.31 charging the judge with a crime that is punishable as a felony under either Minnesota law
 89.32 or federal law, or while there is pending a recommendation to the Supreme Court by the
Board on Judicial Standards for the judge's removal or retirement.

90.1 Subd. 2. **Judicial suspension.** On receipt of a recommendation of the Board on
90.2 Judicial Standards or on its own motion, the Supreme Court may suspend a judge from
90.3 office without salary when the judge pleads guilty to or no contest to or is found guilty of
90.4 a crime that is punishable as a felony under either Minnesota law or federal law or any
90.5 other crime that involves moral turpitude. If the conviction is reversed, the suspension
90.6 terminates and the judge must be paid a salary for the period of suspension. If the judge
90.7 is suspended and the conviction becomes final, the Supreme Court shall remove the
90.8 judge from office.

90.9 Subd. 3. **Judicial disability.** On receipt of a recommendation of the Board on
90.10 Judicial Standards, the Supreme Court may retire a judge for a disability that the court
90.11 determines seriously interferes with the performance of the judge's duties and is or is
90.12 likely to become permanent, and censure or remove a judge for an action or inaction that
90.13 may constitute persistent failure to perform the judge's duties, incompetence in performing
90.14 the judge's duties, habitual intemperance, or conduct prejudicial to the administration of
90.15 justice that brings the judicial office into disrepute.

90.16 Subd. 4. **Authority to reopen matters.** The board is specifically empowered to
90.17 reopen any matter wherein any information or evidence was previously precluded by a
90.18 statute of limitations or by a previously existing provision of time limitation.

90.19 Subd. 5. **Retirement status.** (a) A judge who is retired by the Supreme Court must
90.20 be considered to have retired voluntarily.

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

90.24 Subd. 6. **Eligibility for judicial office; practice law.** A judge removed by the
90.25 Supreme Court is ineligible for any future service in a judicial office. The question of
90.26 the right of a removed judge to practice law in this state must be referred to the proper
90.27 authority for review.

90.28 Subd. 7. **Supreme court rules.** The Supreme Court shall make rules to implement
90.29 this section.

90.30 Sec. 47. **[490A.03] PERSONS AFFECTED.**

90.31 The provisions of sections 490A.01 and 490A.02 apply to all judges, judicial
90.32 officers, and referees.

90.33 Sec. 48. Minnesota Statutes 2004, section 525.05, is amended to read:

90.34 **525.05 JUDGE OR REFEREE; GROUNDS FOR DISQUALIFICATION.**

91.1 The following shall be grounds for disqualification of any judge or referee from
 91.2 acting in any matter: (1) That the judge or the judge's spouse or any of either of their kin
 91.3 nearer than first cousin is interested as representative, heir, devisee, legatee, ward, or
 91.4 creditor in the estate involved therein; (2) that it involves the validity or interpretation of a
 91.5 will drawn or witnessed by the judge; (3) that the judge may be a necessary witness in the
 91.6 matter; (4) that it involves a property right in respect to which the judge has been engaged
 91.7 or is engaged as an attorney; or (5) that the judge was engaged in a joint enterprise for
 91.8 profit with the decedent at the time of death or that the judge is then engaged in a joint
 91.9 enterprise for profit with any person interested in the matter as representative, heir,
 91.10 devisee, legatee, ward, or creditor. When grounds for disqualification exist, the judge may,
 91.11 and upon proper petition of any person interested in the estate must, request another
 91.12 judge or a judge who has retired ~~as provided in section 490.12, subdivision 2,~~ to act in
 91.13 the judge's stead in the matter.

91.14 **Sec. 49. REVISOR'S INSTRUCTION.**

91.15 (a) In Minnesota Statutes, chapters 352, 352D, 355, 356, and 487, the revisor of
 91.16 statutes shall change references to "sections 490.121 to 490.132" to "chapter 490".

91.17 (b) In Minnesota Statutes, chapter 490, the revisor of statutes shall change references
 91.18 to "sections 490.121 to 490.132" to "this chapter".

91.19 (c) In Minnesota Statutes, sections 175A.01, subdivision 4, and 271.01, subdivision
 91.20 1, the revisor of statutes shall change references to "sections 490.15 and 490.16" to
 91.21 "sections 490A.01 and 490A.02".

91.22 **Sec. 50. REPEALER.**

91.23 Subdivision 1. **Judicial retirement plans; repealed as obsolete.** Minnesota
 91.24 Statutes 2004, sections 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106;
 91.25 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11,
 91.26 12, 16, 17, 18, and 19; 490.124, subdivision 6; and 490.132, and Minnesota Statutes 2005
 91.27 Supplement, section 490.121, subdivision 20, are repealed.

91.28 Subd. 2. **Judicial standards board; repealed for relocation as Minnesota**
 91.29 Statutes, chapter 490A. Minnesota Statutes 2004, sections 490.15; 490.16; and 490.18,
 91.30 are repealed.

91.31 Subd. 3. **Uniform judicial retirement plan; no benefit diminishment intended;**
 91.32 **procedure.** Sections 1 to 50 are not intended to reduce or increase the entitlement of
 91.33 active, deferred, or retired judges to retirement annuities or benefits as of July 1, 2006, as
 91.34 reflected in the records of the Minnesota State Retirement System. If the executive director
 91.35 of the Minnesota State Retirement System determines that any provisions of sections 1 to

92.1 48 functions to modify, impair, or diminish the retirement annuity or benefit entitlement
 92.2 of any judge that had accrued or earned before July 1, 2006, the executive director shall
 92.3 certify that determination and a recommendation as to the required legislative correction
 92.4 to the chair of the Legislative Commission on Pensions and Retirement, the chair of
 92.5 the senate State and Local Government Operations Committee, the chair of the house
 92.6 Governmental Operations and Veterans Affairs Policy Committee, and the executive
 92.7 director of the Legislative Commission on Pensions and Retirement on or before the
 92.8 October 1 next following that determination.

92.9 Sec. 51. **EFFECTIVE DATE.**

92.10 Sections 1 to 50 are effective July 1, 2006.

92.11 **ARTICLE 13**

92.12 **JUDGES RETIREMENT PLAN AND RELATED CHANGES**

92.13 Section 1. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

92.14 Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional
 92.15 retirement annuity in the form of a joint and survivor annuity and an optional retirement
 92.16 annuity in the form of a period certain and life thereafter. Except as provided in paragraph
 92.17 (b), these optional annuity forms must be actuarially equivalent to the normal annuity
 92.18 computed under this section, plus the actuarial value of any surviving spouse benefit
 92.19 otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1.
 92.20 An individual selecting an optional annuity under this subdivision waives any rights to
 92.21 surviving spouse benefits under section 3A.04, subdivision 1.

92.22 (b) If a retired legislator selects the joint and survivor annuity option, the retired
 92.23 legislator must receive a normal single-life annuity if the designated optional annuity
 92.24 beneficiary dies before the retired legislator and no reduction may be made in the annuity
 92.25 to provide for restoration of the normal single-life annuity in the event of the death of the
 92.26 designated optional annuity beneficiary.

92.27 (c) The surviving spouse of a legislator who has attained at least age ~~60~~ 55 and who
 92.28 dies while a member of the legislature may elect an optional joint and survivor annuity
 92.29 under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision
 92.30 1.

92.31 Sec. 2. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

92.32 Subdivision 1. **Surviving spouse.** Upon the death of a member of the legislature
 92.33 while serving as such member after June 30, 1973, or upon the death of a former member
 92.34 of the legislature with at least the number of years of service as required by section 3A.02,
 92.35 subdivision 1, clause (1), if section 3A.02, subdivision 5, paragraph (c), does not apply,
 92.36 the surviving spouse shall be paid a survivor benefit in the amount of one-half of the

93.1 retirement allowance of the member of the legislature computed as though the member
 93.2 were at least normal retirement age on the date of death and based upon allowable
 93.3 service or eight years whichever is greater. The augmentation provided in section 3A.02,
 93.4 subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a
 93.5 former legislator receiving a retirement allowance, the surviving spouse shall be entitled
 93.6 to one-half of the amount of the allowance being paid to the legislator. Such benefit shall
 93.7 be paid during the lifetime of the surviving spouse.

93.8 Sec. 3. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

93.9 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to retirement, or
 93.10 upon the death of a person who has qualified for an annuity but who ceases to be a judge
 93.11 prior to retirement and has not received a refund of contributions pursuant to subdivision
 93.12 12, a surviving spouse or, if there be no surviving spouse, dependent children, shall
 93.13 receive an annuity, payable monthly, equal to 60 percent of the normal retirement annuity
 93.14 which would have been payable to the judge or former judge had the date of death been
 93.15 the normal retirement date, provided that the surviving spouse or dependent children
 93.16 shall receive an annuity of not less than 25 percent of the judge's or former judge's final
 93.17 average compensation.

93.18 (b) The surviving spouse of a deceased judge may elect to receive, in lieu of the
 93.19 annuity under paragraph (a), an annuity equal to the 100 percent joint and survivor annuity
 93.20 which the judge or former judge could have qualified for on the date of death.

93.21 (c) If a judge, whose surviving spouse was not entitled to survivors benefits provided
 93.22 solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to
 93.23 retirement on or after May 23, 1973, and before January 1, 1974, a surviving spouse and
 93.24 dependent children, if any, shall be entitled to survivors benefits as provided hereunder as
 93.25 if such judge had died on January 1, 1974.

93.26 Sec. 4. **EFFECTIVE DATE.**

93.27 (a) Sections 1 and 2 are effective the day following final enactment.

93.28 (b) Section 3 is effective January 1, 2006, and applies to the surviving spouse of
 93.29 any judge who died on or after than date.

93.30 ARTICLE 14

93.31 VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES

93.32 Section 1. Minnesota Statutes 2004, section 6.72, is amended to read:

93.33 6.72 STATE AUDITOR; REPORT TO LEGISLATURE ON VOLUNTEER 93.34 FIREFIGHTERS' RELIEF ASSOCIATIONS.

93.35 Subdivision 1. **Reporting requirements.** ~~Commencing November 15, 1981, and~~
 93.36 ~~every two years thereafter~~ (a) Annually, the state auditor shall report to the legislature on

94.1 the general financial condition of the various volunteer firefighters' relief associations in
94.2 the state as of December 31 of the year preceding the filing of the report.

94.3 (b) Two copies of the report shall be filed with the executive director of the
94.4 Legislative Commission on Pensions and Retirement and ten copies of the report shall be
94.5 filed with the director of the Legislative Reference Library.

94.6 Subd. 2. **Contents of report.** The report ~~shall~~ must include ~~the aggregate totals~~ for
94.7 all volunteer firefighters' relief associations directly associated with the municipal fire
94.8 departments and all volunteer firefighters' relief associations subsidiary to independent
94.9 nonprofit firefighting corporations, ~~the aggregate totals by the various benefit types and the~~
94.10 ~~individual results for each volunteer firefighters' relief association listed by various benefit~~
94.11 ~~types specified in subdivision 3. The following items shall be reported in each instance:~~

94.12 (1) amount of accrued liability,

94.13 (2) amount of the assets of the special fund,

94.14 (3) amount of surplus or unfunded accrued liability,

94.15 (4) funding ratio,

94.16 (5) amount of annual accruing liability or normal cost,

94.17 (6) amount of annual required contribution to amortize the unfunded accrued
94.18 liability,

94.19 (7) amount of total required contribution,

94.20 (8) amount of fire state aid and supplemental fire state aid,

94.21 (9) amount of any municipal contributions,

94.22 (10) amount of administrative expenses,

94.23 (11) amount of service pension disbursements,

94.24 (12) amount of other retirement benefit disbursements,

94.25 (13) number of active members,

94.26 (14) number of retired members,

94.27 (15) number of deferred members,

94.28 (16) amount of fidelity bond of secretary and treasurer,

94.29 (17) amount of lump sum or monthly service pension accrued per year of service
94.30 credit,

94.31 (18) minimum retirement age required for commencement of a service pension,

94.32 (19) minimum years of active service credit required for commencement of service
94.33 pension,

94.34 (20) minimum years of active membership credit required for commencement of
94.35 service pension,

94.36 (21) type and amount of other retirement benefits.

95.1 Subd. 3. ~~Benefit categories~~ Report format. ~~For purposes of compiling~~ The report
95.2 required by this section, ~~the various benefit types shall be as follows:~~

95.3 (1) ~~volunteer firefighters' relief associations paying a lump sum service pension of:~~

95.4 (i) ~~less than \$50 per year of service,~~

95.5 (ii) ~~\$50 or more, but less than \$100 per year of service,~~

95.6 (iii) ~~\$100 or more, but less than \$200 per year of service,~~

95.7 (iv) ~~\$200 or more, but less than \$300 per year of service,~~

95.8 (v) ~~\$300 or more per year of service;~~

95.9 (2) ~~volunteer firefighters' relief associations paying a monthly benefit service~~
95.10 ~~pension of:~~

95.11 (i) ~~less than \$2 per month per year of service,~~

95.12 (ii) ~~\$2 or more per month per year of service;~~

95.13 (3) ~~volunteer firefighters' relief associations paying a defined contribution service~~
95.14 ~~pension;~~

95.15 (4) ~~volunteer firefighters' relief associations paying no service pension~~ must be
95.16 organized in a manner that the state auditor determines to provide fair representation of
95.17 the condition of the various volunteer firefighters' relief associations.

95.18 Sec. 2. Minnesota Statutes 2004, section 424A.001, is amended by adding a
95.19 subdivision to read:

95.20 Subd. 10. Volunteer firefighter. "Volunteer firefighter" means a person who:

95.21 (1) was a member of the applicable fire department or the firefighting corporation
95.22 and a member of the relief association on July 1, 2006; or

95.23 (2) became a member of the applicable fire department or the firefighting corporation
95.24 and is eligible for membership in the applicable relief association after June 30, 2006, and

95.25 (i) is engaged in providing emergency response services or delivering fire education
95.26 or prevention services as a member of a municipal fire department, a joint powers entity
95.27 fire department, or an independent nonprofit firefighting corporation;

95.28 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
95.29 prevention duties under subdivision 8; and

95.30 (iii) meets any other minimum firefighter and service standards established by the
95.31 fire department or firefighting corporation or specified in the articles of incorporation or
95.32 bylaws of the relief association.

95.33 Sec. 3. Minnesota Statutes 2004, section 424A.02, subdivision 8b, is amended to read:

95.34 Subd. 8b. **Transfer to individual retirement account.** A relief association that is
95.35 a qualified pension plan under section 401(a) of the federal Internal Revenue Code, as
95.36 amended, and that provides a lump sum service pension, at the written request of a the

96.1 applicable retiring member or, following the death of the active member, at the written
96.2 request of the deceased member's surviving spouse, may directly transfer the eligible
96.3 member's lump sum pension or the death, funeral, or survivor benefit attributable to the
96.4 member, whichever applies, to the member's requesting person's individual retirement
96.5 account under section 408(a) of the federal Internal Revenue Code, as amended.

96.6 Sec. 4. Minnesota Statutes 2004, section 424A.05, subdivision 3, is amended to read:

96.7 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements
96.8 from the special fund are not permitted to be made for any purpose other than one of
96.9 the following:

96.10 (1) for the payment of service pensions to retired members of the relief association if
96.11 authorized and paid pursuant to law and the bylaws governing the relief association;

96.12 (2) for the payment of temporary or permanent disability benefits to disabled
96.13 members of the relief association if authorized and paid pursuant to law and specified in
96.14 amount in the bylaws governing the relief association;

96.15 (3) for the payment of survivor benefits to surviving spouses and surviving children,
96.16 or if none, to designated beneficiaries, of deceased members of the relief association,
96.17 and if survivors and if no designated beneficiary, for the payment of a death benefit to
96.18 the estate of the deceased active firefighter, if authorized by and paid pursuant to law and
96.19 specified in amount in the bylaws governing the relief association;

96.20 (4) for the payment of any funeral benefits to the surviving spouse, or if no surviving
96.21 spouse, the estate, of the deceased member of the relief association if authorized by law
96.22 and specified in amount in the bylaws governing the relief association;

96.23 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
96.24 Department Association, to the Minnesota Area Relief Association Coalition, and to
96.25 the state Volunteer Firefighters Benefit Association in order to entitle relief association
96.26 members to membership in and the benefits of these associations or organizations; and

96.27 (6) for the payment of administrative expenses of the relief association as authorized
96.28 pursuant to section 69.80.

96.29 (b) For purposes of this chapter, a designated beneficiary must be a natural person.

96.30 Sec. 5. **RANDALL FIREMEN'S RELIEF ASSOCIATION; REVISED BENEFIT**
96.31 **FOR SPOUSE OF DECEASED FIREFIGHTER.**

96.32 **Subdivision 1. Application. This section applies to a surviving spouse of a person**
96.33 **who:**

96.34 **(1) was born on June 21, 1973;**

97.1 (2) as a member of the Randall Firemen’s Relief Association provided one year and
97.2 ten months of service to the associated fire department and had one year of service credit
97.3 in the association on the date of death; and

97.4 (3) was killed in a construction accident on October 28, 2005.

97.5 Subd. 2. Eligibility for benefit. Notwithstanding any law to the contrary, the
97.6 eligible person described in subdivision 1 is entitled to receive a survivor benefit from the
97.7 Randall Firemen’s Relief Association benefit plan as revised in November 2005, not to
97.8 exceed the survivor benefit amount that would be applicable if the firefighter had lived
97.9 until a day after the effective date of the increased minimum surviving spouse benefit
97.10 approved by the Randall City Council in November 2005, consistent with Minnesota
97.11 Statutes, section 424A.02, subdivision 9.

97.12 Subd. 3. Restrictions. This section does not authorize payment of more than
97.13 a single survivor benefit to the eligible individual specified in subdivision 1. If a
97.14 survivor benefit has been paid to the eligible individual by the Randall Firemen’s Relief
97.15 Association, this section authorizes payment to the eligible individual of the difference
97.16 between the amount previously paid and the amount payable under the Randall Firemen’s
97.17 Relief Association benefit plan as revised in November 2005.

97.18 **Sec. 6. EFFECTIVE DATE.**

97.19 (a) Sections 1 and 4 are effective July 1, 2006.

97.20 (b) Section 2 is effective January 1, 2008.

97.21 (c) Section 3 is effective the day following final enactment and applies retroactively
97.22 to January 1, 2006.

97.23 (d) Section 5 is effective the day after the date on which the Randall City Council and
97.24 the chief clerical office of the city of Randall complete, in a timely manner, compliance
97.25 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

97.26 **ARTICLE 15**

97.27 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**

97.28 **Section 1. CORRECTING PLAN COVERAGE ERROR BY PROVIDING A**
97.29 **PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN ANNUITY.**

97.30 Subdivision 1. Purpose. The annuity provided under this section is intended
97.31 to compensate for an error in pension coverage. Due to the employment specified in
97.32 subdivision 2, an eligible individual specified in subdivision 2 should have become a
97.33 member of the public employees police and fire retirement plan but was incorrectly placed
97.34 in the St. Paul Fire Department Relief Association retirement plan.

98.1 Subd. 2. Eligibility. (a) An eligible individual under paragraph (b) is authorized to
98.2 receive the benefit specified in subdivision 4, upon satisfying all requirements specified
98.3 in this section.

98.4 (b) An eligible individual is an individual who:

98.5 (1) was born on April 24, 1951;

98.6 (2) was hired as a St. Paul firefighter with a certified appointment date of June 13,
98.7 1980, but first earned salary as a St. Paul firefighter on June 30, 1980;

98.8 (3) was erroneously placed in the St. Paul Fire Department Relief Association
98.9 retirement plan due to that employment; and

98.10 (4) terminated from the St. Paul Fire Department employment on January 3, 1990.

98.11 Subd. 3. Additional employee contribution or refund amount. (a) If a valid
98.12 annuity application is made under subdivision 7, the executive director of the Public
98.13 Employees Retirement Association shall determine the employee contributions that
98.14 an eligible individual under subdivision 2 would have made to the public employees
98.15 police and fire retirement plan fund, if coverage had been provided by that plan for
98.16 the employment period specified in subdivision 2, and from each of these contribution
98.17 amounts the employee contribution actually made by the eligible individual to the St. Paul
98.18 Fire Department Relief Association for the same payroll period shall be subtracted. These
98.19 differences, plus 8.5 percent annual compound interest from the date the public employees
98.20 police and fire retirement plan contribution would have been made until the first of the
98.21 month after a valid annuity application has been received, shall be aggregated.

98.22 (b) If the aggregate amount under paragraph (a) is a positive number, the total
98.23 amount shall be paid in a lump sum to the executive director of the Public Employees
98.24 Retirement Association. The executive director shall notify the eligible individual
98.25 in writing of the required amount. To be eligible for the current or deferred annuity
98.26 specified in subdivision 4, the eligible individual must pay the amount required under this
98.27 paragraph, if applicable, within three months of the executive director's notification.

98.28 (c) If the aggregate amount computed under paragraph (a) is a negative amount, the
98.29 value of the contributions that the eligible employee made to the local relief association
98.30 exceeded the value of employee contributions that would have been made to the public
98.31 employees police and fire fund. This aggregate negative amount shall be multiplied by
98.32 minus one and the resulting amount shall be refunded to the eligible individual by the city
98.33 of St. Paul. The executive director shall inform the eligible individual of the refund
98.34 amount in writing, and shall notify the city of St. Paul. The city of St. Paul shall pay this
98.35 amount to the eligible individual within 30 days of notification.

99.1 Subd. 4. **Benefit amount.** The eligible individual is entitled to apply for an annuity,
99.2 as further specified in subdivision 7, and to receive a public employees police and fire
99.3 retirement plan retirement annuity computed based on the version of Minnesota Statutes,
99.4 chapter 353, in effect on the date that the eligible individual terminated from St. Paul Fire
99.5 Department Relief Association employment.

99.6 Subd. 5. **Calculation of reserves; payment by city of St. Paul.** The executive
99.7 director of the Public Employees Retirement Association shall compute the full required
99.8 reserves for the annuity determined under subdivision 4 using all applicable actuarial
99.9 assumptions for the public employees police and fire retirement plan. This amount, after
99.10 deducting the amount received by the Public Employees Retirement Association under
99.11 subdivision 3, paragraph (b), if applicable, is to be paid to the executive director of the
99.12 Public Employees Retirement Association in a lump sum by the city of St. Paul. The
99.13 executive director shall notify the chief administrative officer of the city of St. Paul in
99.14 writing of the payment amount required under this subdivision. This notification shall be
99.15 made by the executive director within one month following the receipt by the executive
99.16 director of any amount required under subdivision 3, paragraph (b), if applicable. The
99.17 city of St. Paul must pay the amount required under this subdivision within 30 days after
99.18 receipt of the executive director's notification.

99.19 Subd. 6. **Actions upon failure to pay.** If the city of St. Paul fails to transmit the
99.20 amount required under subdivision 5 in a timely manner, or fails to make a timely refund
99.21 under subdivision 3, paragraph (c), if applicable, the executive director of the Public
99.22 Employees Retirement Association shall notify the commissioner of finance of this
99.23 nonpayment or nonpayments, and the commissioner of finance shall deduct the applicable
99.24 amount or amounts from any state aid otherwise payable to the city and transmit the
99.25 amount required under subdivision 5 to the executive director for deposit in the public
99.26 employees police and fire fund. If the city of St. Paul fails to make a payment required
99.27 under subdivision 3, paragraph (c), if applicable, the commissioner of finance will make
99.28 any necessary refund, with reimbursement through the withholding of aid, as stated in
99.29 this subdivision.

99.30 Subd. 7. **Annuity application.** An eligible individual described in subdivision 2
99.31 shall apply in writing on forms provided by the Public Employees Retirement Association
99.32 for the annuity provided by this section. The application must be made before January 1,
99.33 2007, and must include all necessary documentation of the applicability of this section and
99.34 any other relevant information which the executive director may require.

100.1 Subd. 8. Service credit grant. Service credit in the public employees police and
100.2 fire retirement plan for the eligible individual's employment period as a St. Paul firefighter
100.3 shall be granted following the filing of a valid application for an annuity under subdivision
100.4 7 and receipt by the executive director of any amount applicable under subdivision 3,
100.5 paragraph (b).

100.6 **Sec. 2. PERA-P&F; PURCHASE OF SERVICE CREDIT.**

100.7 Subdivision 1. Eligibility. An eligible person may purchase allowable service credit
100.8 from the public employees police and fire plan for the period from November 23, 1984,
100.9 to March 16, 1985. An eligible person is a person who:

100.10 (1) is currently a member of the public employees police and fire plan; and
100.11 (2) was employed by the city of Faribault as a firefighter since November 23, 1984,
100.12 but was not covered by the public employees police and fire plan from November 23,
100.13 1984, until March 16, 1985, despite the provided firefighting service.

100.14 Subd. 2. Purchase requirements. An eligible person must apply to the executive
100.15 director of the Public Employees Retirement Association to make the service credit
100.16 purchase authorized in this section. The application must be in writing and must contain
100.17 documentation required by the executive director.

100.18 Subd. 3. Payment. If an eligible person meets the requirements to purchase service
100.19 credit under this section, the public employees police and fire fund must be paid the
100.20 amount determined under Minnesota Statutes, section 356.551.

100.21 Subd. 4. Additional requirements. (a) In addition to the one-year payment
100.22 limitation in Minnesota Statutes, section 356.551, the authority provided by this section is
100.23 voided if the amount required under subdivision 3, clause (1), from an eligible person is
100.24 not paid to the executive director of the Public Employees Retirement Association prior to
100.25 termination of service by the eligible person.

100.26 (b) Notwithstanding Minnesota Statutes, section 356.551, allowable service credit in
100.27 the public employees police and fire plan for the eligible person must be granted upon
100.28 receipt by the executive director of payment from the eligible person of the amount
100.29 required under subdivision 3, clause (1).

100.30 (c) If the city of Faribault fails to pay the amount required under subdivision 3,
100.31 clause (2), within 30 days of notification from the executive director of the amount
100.32 required, the executive director shall inform the commissioner of the Department of
100.33 Finance of the amount of the deficiency, and the amount must be deducted from any
100.34 subsequent state aid to the city.

101.1 **Sec. 3. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF PRIOR**
101.2 **SERVICE CREDIT FOR MONTANA TEACHING SERVICE.**

101.3 (a) An eligible person described in paragraph (b) is authorized to purchase service
101.4 credit, in accordance with Minnesota Statutes, section 356.551, from the Teachers
101.5 Retirement Association coordinated program for a period of teaching service in Montana
101.6 public schools, not to exceed ten years.

101.7 (b) An eligible person is a person who:

101.8 (1) is currently an active member of the Teachers Retirement Association for
101.9 teaching service at the Northfield Middle School in Independent School District No. 659;

101.10 (2) was born on January 1, 1959; and

101.11 (3) was a teacher at the Pine Hills School in Miles City, Montana, for 11.2 years with
101.12 coverage for that service by the Montana Teachers Retirement System.

101.13 (c) An eligible person described in paragraph (b) is authorized to apply with the
101.14 executive director of the Teachers Retirement Association to make the service credit
101.15 purchase under this section. The application must be in writing and must include all
101.16 necessary documentation of the applicability of this section, and any other relevant
101.17 information which the executive director may require. The payment required under this
101.18 section to receive the service credit must be received by the executive director of the
101.19 Teachers Retirement Association before December 31, 2006, and before the eligible
101.20 person's retirement or termination from service. The service credit authorized by this
101.21 section shall be granted upon receipt of the service credit purchase payment by the
101.22 executive director.

101.23 (d) The authority under this section is voided if an eligible person under paragraph
101.24 (b) retains a right to an annuity from the Montana Teachers Retirement System.

101.25 **Sec. 4. PERA-GENERAL; PUBLIC DEFENDER SERVICE CREDIT**
101.26 **PURCHASE.**

101.27 (a) An eligible person described in paragraph (b) may purchase allowable service
101.28 credit in the general employees retirement plan of the Public Employees Retirement
101.29 Association for the period described in paragraph (c) by making the payment required
101.30 under paragraph (d).

101.31 (b) An eligible person is a person who:

101.32 (1) was born on October 7, 1949;

101.33 (2) was employed as a public defender by the Tenth Judicial District on July 1, 1987;

101.34 (3) was also retained as an independent contractor by Washington County as a
101.35 public defender as of June 12, 1989;

102.1 (4) was determined to have had deductions related to the Tenth Judicial District
102.2 employment for the general employees retirement plan of the Public Employees
102.3 Retirement Association taken in error and had those deductions returned on January 7,
102.4 1991; and

102.5 (5) is currently a member of the general state employees retirement plan of the
102.6 Minnesota State Retirement System.

102.7 (c) The period of allowable service credit available for purchase under this section
102.8 is 21 months.

102.9 (d) The prior service credit purchase payment must be calculated under Minnesota
102.10 Statutes, section 356.551.

102.11 **Sec. 5. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; EMPLOYEE**
102.12 **ORGANIZATION BUSINESS AGENT LEAVE OF ABSENCE SERVICE CREDIT**
102.13 **PURCHASE.**

102.14 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
102.15 service credit in the public employees police and fire retirement plan for the period
102.16 described in paragraph (c) by making the payment required under paragraph (d).

102.17 (b) An eligible person is a person who:

102.18 (1) was born on January 3, 1959;

102.19 (2) was employed by the Minnetonka Police Department before 1995;

102.20 (3) was granted a leave of absence from employment by the Minnetonka Police
102.21 Department in 1995 to serve as the business agent for an employee labor organization; and

102.22 (4) returned to employment with the Minnetonka Police Department from the leave
102.23 of absence in 1997.

102.24 (c) The period of service credit available for purchase under this section is one year.

102.25 (d) The prior service credit purchase payment must be calculated under Minnesota
102.26 Statutes, section 356.551.

102.27 **Sec. 6. PERA-GENERAL; PUBLIC GOLF COURSE EMPLOYEE SERVICE**
102.28 **CREDIT PURCHASE .**

102.29 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
102.30 service credit from the general employees retirement plan of the Public Employees
102.31 Retirement Association for the period of employment by the city of Anoka at the
102.32 Greenhaven Golf Course between March 1, 1984, and December 28, 1997, that qualified as
102.33 employment by a public employee under Minnesota Statutes, section 353.01, subdivisions
102.34 2, 2a, and 2b, that was not previously credited by the retirement plan.

102.35 (b) An eligible person is a person who:

102.36 (1) was born on July 18, 1954;

103.1 (2) was first employed by the city of Anoka at the Greenhaven Golf Course as a
103.2 part-time employee in 1978;

103.3 (3) was incorrectly characterized as an independent contractor by the city of Anoka
103.4 during the period 1982-1998, although the person was provided health insurance and other
103.5 employment recognition during portions of that period; and

103.6 (4) became a member of the general employees retirement plan of the Public
103.7 Employees Retirement Association in 1998.

103.8 (c) The eligible person described in paragraph (b) must apply with the executive
103.9 director of the Public Employees Retirement Association to make the service credit
103.10 purchase under this section. The application must be in writing and must include all
103.11 necessary documentation of the applicability of this section and any other relevant
103.12 information that the executive director may require.

103.13 (d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision
103.14 16, must be granted by the general employees retirement plan of the Public Employees
103.15 Retirement Association to the account of the eligible person upon the receipt of the prior
103.16 service credit purchase payment amount required under Minnesota Statutes, section
103.17 356.551.

103.18 (e) Of the prior service credit purchase payment amount under Minnesota Statutes,
103.19 section 356.551, the eligible person must pay an amount equal to the employee
103.20 contribution rate or rates in effect during the uncredited employment period applied to the
103.21 actual salary rates in effect during the period, plus annual compound interest at the rate of
103.22 8.5 percent from the date the member contribution payment should have been made if
103.23 made in a timely fashion until the date on which the contribution is actually made. If the
103.24 equivalent member contribution payment, plus interest, is made, the city of Anoka shall
103.25 pay the balance of the total prior service credit purchase payment amount under Minnesota
103.26 Statutes, section 356.551, within 60 days of notification by the executive director of the
103.27 Public Employees Retirement Association of the member contribution equivalent payment.

103.28 (f) Authority for an eligible person to make a prior service credit purchase under this
103.29 section expires on June 30, 2007.

103.30 (g) If the city of Anoka fails to pay its portion of the prior service credit purchase
103.31 payment amount under paragraph (e), the executive director of the Public Employees
103.32 Retirement Association must notify the commissioners of finance and revenue of that fact
103.33 and the commissioners shall order the deduction of the required payment amount from
103.34 the next subsequent payment of any state aid to the city of Anoka and be transmitted
103.35 to the general employees retirement fund.

104.1 Sec. 7. **TEACHERS RETIREMENT ASSOCIATION; REFUND REPAYMENT**
104.2 **OF CERTAIN TRANSFERRED AMOUNTS.**

104.3 (a) Notwithstanding Minnesota Statutes, Section 352D.12 or 354.50, or any other
104.4 provision to the contrary, an eligible person described in paragraph (b) may repay to
104.5 the Teachers Retirement Association the amount specified in paragraph (c) and thereby
104.6 restore the person's prior allowable and formula service credit under Minnesota Statutes,
104.7 chapter 354.

104.8 (b) An eligible person is a person who:

104.9 (1) was born on July 17, 1947;

104.10 (2) taught for ten years with Independent School District No. 191, Burnsville;

104.11 (3) was employed by the Minnesota Educational Computing Corporation in 1984
104.12 and 1985;

104.13 (4) transferred accumulated employee contributions and an equal employer
104.14 contribution amount from the Teachers Retirement Association to the unclassified state
104.15 employees retirement program of the Minnesota State Retirement System in 1985; and

104.16 (5) after employment in the private sector in educational computing, returned to
104.17 teaching employed by Independent School District No. 196, Rosemount-Apple-Valley
104.18 Eagan.

104.19 (c) The amount of the refund to be repaid to the Teachers Retirement Association is
104.20 an amount equal to the amount transferred from the Teachers Retirement Association to
104.21 the unclassified state employees retirement program of the Minnesota State Retirement
104.22 System under Laws 1984, chapter 619, section 6, subdivision 3, plus compound annual
104.23 interest at the rate of 8.5 percent from the date on which the amount was transferred from
104.24 the Teachers Retirement Association to the date on which the transfer amount is repaid.

104.25 (d) Upon the repayment of the transfer amount, plus interest, the allowable and
104.26 formula service credit in the Teachers Retirement Association under Minnesota Statutes,
104.27 section 354.05, subdivisions 13 and 25, related to the transferred amount in 1985, must
104.28 be restored to the eligible person.

104.29 (e) The transfer amount repayment, plus interest, may be made through an institution
104.30 to institution transfer.

104.31 (f) This provision expires on July 1, 2007.

104.32 Sec. 8. **TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE**
104.33 **TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF**
104.34 **PAST SERVICE CREDIT.**

104.35 (a) An eligible person described in paragraph (b) is authorized to become a
104.36 coordinated member of the Teachers Retirement Association, and to purchase service and

105.1 salary credit in the Teachers Retirement Association coordinated plan retroactive from
105.2 January 1, 1995, upon making an election under paragraph (c) and upon making the
105.3 required payment under paragraph (d).

105.4 (b) An eligible person is a person who:

105.5 (1) was born on September 10, 1958;

105.6 (2) has prior employment covered by the Public Employees Retirement Association
105.7 general plan;

105.8 (3) is the director of student support services at North Hennepin Community College;

105.9 (4) began working at North Hennepin Community College on February 3, 1992, with
105.10 coverage for that service by the higher education individual retirement account plan; and

105.11 (5) was not offered an election of Teachers Retirement Association coverage, as
105.12 required under Laws 1994, chapter 508, article 1, section 10.

105.13 (c)(1) To be eligible for coverage by the Teachers Retirement Association, an
105.14 eligible person must submit a written application to the executive director of the Teachers
105.15 Retirement Association on a form provided by the Teachers Retirement Association. The
105.16 application must include all documentation of the applicability of this section and any
105.17 other relevant information that the executive director may require. Following receipt by
105.18 the executive director of the written application specified in this paragraph and receipt
105.19 of the payment specified in paragraph (d):

105.20 (i) Teachers Retirement Association plan membership commences as of July 1, 2006;

105.21 (ii) individual retirement account plan coverage terminates for the applicable
105.22 eligible person; and

105.23 (iii) past salary and service credit is granted from January 1, 1995, as specified
105.24 in this section.

105.25 (2) The authority granted by this section is voided if the applicable eligible
105.26 individual terminates from Minnesota State Colleges and Universities system employment
105.27 prior to receipt by the executive director of the Teachers Retirement Association of the
105.28 application specified in this paragraph and the amount specified in paragraph (d).

105.29 (d) To receive the treatment specified in this section, an eligible person shall make
105.30 payment of the amount determined under Minnesota Statutes, section 356.551, to the
105.31 executive director of the Teachers Retirement Association for the period from January 1,
105.32 1995. The individual is authorized to cover the payment using assets transferred from the
105.33 eligible individual's individual retirement account plan account, or from any other sources
105.34 permitted by law. The total amount to be paid under this paragraph shall be determined
105.35 by the executive director of the Teachers Retirement Association. Written notification of
105.36 the amount required under this paragraph should be transmitted to the eligible individual.

106.1 The Teachers Retirement Association is authorized to utilize the actuary jointly retained
106.2 under Minnesota Statutes, section 356.214, to make the computations required under this
106.3 paragraph. The Teachers Retirement Association shall allocate the amount received under
106.4 this paragraph between the Teachers Retirement Association and the Public Employees
106.5 Retirement Association, or other applicable pension fund, as indicated by the full actuarial
106.6 cost determination required under this paragraph.

106.7 **Sec. 9. TRA; PURCHASE OF UNCREDITED MEDICAL LEAVE.**

106.8 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
106.9 and formula service credit in the Teachers Retirement Association for any period of
106.10 medical leave that was not properly reported to the Teachers Retirement Association by
106.11 Independent School District No. 197, West St. Paul, and consequently not previously
106.12 audited under Minnesota Statutes, section 354.05, subdivision 13, upon the making of the
106.13 payments required under paragraph (c) and (d).

106.14 (b) An eligible person is a person who:

106.15 (1) was born on August 24, 1948;

106.16 (2) was initially employed as a teacher in September 1970;

106.17 (3) is employed by Independent School District No. 197, West St. Paul; and

106.18 (4) took a medical leave during the 2003-2004 school year that was not reported to
106.19 the Teachers Retirement Association in a timely fashion.

106.20 (c) The eligible person shall make a payment equal to five percent of the person's
106.21 2004-2005 school year salary, plus compound interest at the rate of 8.5 percent per annum
106.22 from July 1, 2004, to the date on which the payment is made.

106.23 (d) Upon the payment under paragraph (c), the executive director of the Teachers
106.24 Retirement Association shall, within 30 days, notify Independent School District No. 197,
106.25 West St. Paul, of its obligation under this section. The school district's obligation is the
106.26 balance of the prior service credit purchase payment amount determined under Minnesota
106.27 Statutes, section 356.551, that exceeds the payment under paragraph (c). If the school
106.28 district fails to pay its obligation within 60 days following notification, the executive
106.29 director shall certify that failure and the amount due to the commissioner of finance, who
106.30 shall deduct the amount due from any subsequent state aid payable to Independent School
106.31 District No. 197, West St. Paul, plus interest at the rate of 0.71 percent per month from the
106.32 date of the payment under paragraph (c) to the date of the actual payment.

106.33 (e) This provision expires on July 1, 2008.

106.34 **Sec. 10. INTERNATIONAL FALLS AND RED WING SCHOOL STRIKE**
106.35 **SERVICE CREDIT PROVISION.**

107.1 Notwithstanding any provision of Minnesota Statutes, section 356.195, a teacher
 107.2 who was covered by the Teachers Retirement Association and who was on strike
 107.3 between September 20, 2002, and October 14, 2002, if the teacher was employed by
 107.4 the International Falls public schools or was on strike between October 22, 2002, and
 107.5 November 14, 2002, if the teacher was employed by the Red Wing public schools, is
 107.6 authorized to make a payment to the Teachers Retirement Association and receive
 107.7 allowable and formula service credit under Minnesota Statutes, section 354.05,
 107.8 subdivisions 13 and 25, for the applicable strike period under Minnesota Statutes, section
 107.9 356.195, subdivision 2, paragraph (c).

107.10 **Sec. 11. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL;**
 107.11 **BLOOMINGTON PUBLIC SCHOOLS CUSTODIAN SERVICE CREDIT**
 107.12 **PURCHASE AUTHORIZATION.**

107.13 (a) Notwithstanding any provision of law to the contrary, an eligible person
 107.14 specified in paragraph (b) may purchase allowable service credit in the general employees
 107.15 retirement plan of the Public Employees Retirement Association for the years and
 107.16 months that elapsed between the date of hire by Independent School District No. 271,
 107.17 Bloomington, and the date on which the person was recorded as a member of the general
 107.18 employees retirement plan of the Public Employees Retirement Association upon the
 107.19 payment of the amount set forth in paragraph (c).

107.20 (b) An eligible person is a person who was employed by Independent School District
 107.21 No. 271, Bloomington, on the applicable indicated employment date, but who was not
 107.22 reported to the Public Employees Retirement Association as a member of the general
 107.23 employees retirement plan until the applicable indicated membership record date, and who
 24 consequently has an uncredited period of school district employment, as follows:

	<u>employee</u>	<u>employment date</u>	<u>membership record date</u>
107.25	<u>A</u>	<u>August 29, 1985</u>	<u>January 1, 1989</u>
107.26	<u>B</u>	<u>April 29, 1986</u>	<u>November 16, 1988</u>
107.27	<u>C</u>	<u>January 7, 1987</u>	<u>June 12, 1989</u>
107.28	<u>D</u>	<u>July 21, 1986</u>	<u>July 1, 1989</u>
107.29	<u>E</u>	<u>May 22, 1988</u>	<u>June 12, 1989</u>
107.30	<u>F</u>	<u>September 11, 1988</u>	<u>June 12, 1989</u>
107.31	<u>G</u>	<u>February 9, 1989</u>	<u>June 16, 1989</u>
107.32	<u>H</u>	<u>February 15, 1989</u>	<u>June 16, 1989</u>
107.33	<u>I</u>	<u>March 25, 1989</u>	<u>June 12, 1989</u>

107.34
 107.35 (c) The prior service credit purchase payment amount is the amount determined
 107.36 for each eligible person by the executive director of the Public Employees Retirement
 107.37 Association under Minnesota Statutes, section 356.551.

108.1 (d) The eligible person shall pay an amount equal to the member contribution that
108.2 the person would have paid if the person had been a member of the general employees
108.3 retirement plan of the Public Employees Retirement Association during the period
108.4 between the applicable employment date and the applicable membership record date,
108.5 plus annual compound interest on the total amount at the rate of 8.5 percent from the
108.6 midpoint date of the uncredited employment period until the date on which the equivalent
108.7 member contribution is paid. Payment must be made by July 1, 2006, or by the date of the
108.8 termination of employment, whichever is earlier.

108.9 (e) If the eligible person makes the required payment under paragraph (d) in a timely
108.10 fashion, Independent School District No. 271, Bloomington, may pay the difference
108.11 between the amount determined under paragraph (c) and the amount paid under paragraph
108.12 (d). If Independent School District No. 271, Bloomington, does not pay that balance
108.13 within 30 days of notification by the executive director of the Public Employees Retirement
108.14 Association of the payment by an eligible person under paragraph (d), the executive
108.15 director shall notify the commissioner of finance of that fact and the commissioner of
108.16 finance shall deduct the balance, plus compound interest on that amount at the rate of 1.5
108.17 percent per month or portion of a month that has elapsed from the effective date of this
108.18 section, from any state aid payable to the school district and shall transmit that amount to
108.19 the executive director of the Public Employees Retirement Association.

108.20 (f) The eligible person shall provide any relevant documentation related to the
108.21 eligibility to make this service credit purchase that is required by the executive director of
108.22 the Public Employees Retirement Association.

108.23 (g) Only periods of employment when the eligible person would have been
108.24 eligible for coverage by the general employees retirement plan of the Public Employees
108.25 Retirement Association is purchasable under this section.

108.26 **Sec. 12. PERA-GENERAL; AUTHORIZING TRANSFER OF COVERAGE**
108.27 **FROM DEFINED CONTRIBUTION PLAN IN CERTAIN INSTANCES.**

108.28 (a) An eligible person described in paragraph (b) may elect under paragraph (c) to
108.29 transfer past retirement coverage from the defined contribution retirement plan of the
108.30 public employees retirement association to the general employees retirement plan of the
108.31 Public Employees Retirement Association by authorizing the transfer of assets specified in
108.32 paragraph (d) and making the additional payment, if any, specified in paragraph (e).

108.33 (b) An eligible person is a former public employee or official who:

108.34 (1) was born on August 2, 1950;

108.35 (2) served in the Minnesota house of representatives from 1975 to 1991;

108.36 (3) served in the Minnesota senate from 1991 to 2002;

109.1 (4) became the mayor of a Minnesota home rule city in January 2002; and
 109.2 (5) elected retirement coverage by the defined contribution retirement plan of the
 109.3 Public Employees Retirement Association on January 15, 2002.

109.4 (c) The election of the retirement coverage transfer must be made in writing within
 109.5 180 days of the date of enactment of this act. The election must authorize the asset
 109.6 transfer specified in paragraph (d) and must be accompanied with any payment amount
 109.7 required under paragraph (e). Upon the transfer and payment, the electing eligible person
 109.8 is entitled to allowable service and salary credit under Minnesota Statutes, section 353.01,
 109.9 subdivisions 10 and 16, for the service and salary related to the defined contribution
 109.10 retirement plan coverage period.

109.11 (d) The transfer amount is the total member and employer contributions and any
 109.12 investment performance to the credit of the eligible person in the defined contribution
 109.13 retirement plan of the Public Employees Retirement Association.

109.14 (e) The additional payment amount is the amount by which the transfer amount
 109.15 under paragraph (d) is less than the amount that would be required to be transferred to the
 109.16 Minnesota post retirement investment fund for the coordinated program of the general
 109.17 employees retirement plan of the Public Employees Retirement Association retirement
 109.18 annuity payable to the eligible person on the first day of the month next following the
 109.19 date of enactment or on the first day of the month next following the day on which the
 109.20 eligible person is first eligible to receive a retirement annuity from the general employees
 109.21 retirement plan of the Public Employees Retirement Association if that date is later than
 109.22 the date of enactment plus the amount representing the present value of the amount by
 109.23 which the retirement annuity from the legislators retirement plan was increased or the
 24 retirement age eligibility was modified under Minnesota Statutes, section 356.30, from the
 109.25 additional service and salary credit under Minnesota Statutes, chapter 353. The former
 109.26 employer of the eligible employee may pay a portion of the additional payment amount,
 109.27 but not to exceed 52 percent of the total amount, at the discretion of the former employer.

109.28 (f) The executive director of the Public Employees Retirement Association may
 109.29 request any relevant documentation to verify a person's status as an eligible person under
 109.30 this section and may audit city records to verify conformity with Minnesota Statutes,
 109.31 section 353.01, subdivisions 10 and 16.

109.32 **Sec. 13. MSRS-GENERAL; PAYMENT OF PORTION OF ANNUITY IN**
 109.33 **CERTAIN MARRIAGE DISSOLUTIONS.**

4 (a) Notwithstanding the provisions of Minnesota Statutes, section 518.58,
 109.35 subdivision 4, or any other law to the contrary, if a court of competent jurisdiction
 109.36 makes a finding meeting the requirements of paragraph (b), and that finding is filed with

110.1 the executive director of the Minnesota State Retirement System, an eligible person
110.2 described in paragraph (c) is entitled to immediately receive the person's designated
110.3 portion of the ex-spouse's public retirement plan annuity awarded as part of the applicable
110.4 marriage dissolution judgement that conformed with Minnesota Statutes, section 518.58,
110.5 subdivision 4, when issued.

110.6 (b) The finding necessary to implement this section would be:

110.7 (1) that the court in its marriage dissolution judgment intended that the eligible
110.8 person described in paragraph (c) receive a portion of the person's ex-spouse's public
110.9 retirement plan annuity in a timely fashion;

110.10 (2) that the ex-spouse has declined to commence receipt of that public retirement
110.11 plan annuity; and

110.12 (3) that the decision of the ex-spouse not to draw the public retirement plan annuity
110.13 was not reasonably done in pursuit of an end other than to frustrate the payment of a
110.14 portion of the retirement annuity to the eligible person.

110.15 (c) An eligible person is a person:

110.16 (1) who was born on August 12, 1944;

110.17 (2) who resides in Edina, Minnesota;

110.18 (3) who was married to a member of the general state employees retirement plan of
110.19 the Minnesota State Retirement System; and

110.20 (4) whose marriage was dissolved on December 15, 1999.

110.21 (d) If the immediate payment of the eligible person's designated portion of the
110.22 ex-spouse's public retirement plan annuity occurs under this section, the executive director
110.23 of the Minnesota State Retirement System shall establish a separate account for the
110.24 eligible person within the state employees retirement fund, shall credit that account with
110.25 the applicable percentage of the actuarial present value of the retirement annuity of the
110.26 ex-spouse under the marriage dissolution judgment, and shall reduce the account of the
110.27 ex-spouse by that amount. The present value of the subsequent retirement annuity of the
110.28 ex-spouse, when initiated, may not exceed the person's account value upon the division,
110.29 plus the value of any deferred annuity augmentation.

110.30 **Sec. 14. MINNEAPOLIS EMPLOYEES RETIREMENT FUND; SERVICE**
110.31 **CREDIT PURCHASE FOR CERTAIN WORKERS' COMPENSATION INJURY**
110.32 **PERIODS.**

110.33 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
110.34 service credit from the Minneapolis Employees Retirement Fund for up to two years for
110.35 the period of the injury that qualified for a workers' compensation benefit but that was not
110.36 previously credited by the Minneapolis Employees Retirement Fund.

111.1 (b) An eligible person is a person who:
 111.2 (1) was born on January 4, 1951;
 111.3 (2) was first employed in the engineering department of the city of Minneapolis
 111.4 in 1974;
 111.5 (3) suffered an injury that, in 1978, qualified the person for workers' compensation
 111.6 benefits;
 111.7 (4) applied for disabled status in the Minneapolis Employees Retirement Fund in
 111.8 1986 and accrued allowable service credit for the period from 1986 to 1991; and
 111.9 (5) was advised by the Minneapolis Employees Retirement Fund to wait until
 111.10 retirement age to pursue a claim for allowable service credit for the period from 1978
 111.11 to 1985.

111.12 (c) The eligible person described in paragraph (b) must apply with the executive
 111.13 director of the Minneapolis Employees Retirement Fund to make a service credit purchase
 111.14 under this section. The application must be in writing and must include all necessary
 111.15 documentation of the applicability of this section and any other relevant information that
 111.16 the executive director may require.

111.17 (d) Allowable service credit under Minnesota Statutes, sections 422A.15,
 111.18 subdivisions 1 and 4, and 422A.19, must be granted by the Minneapolis Employees
 111.19 Retirement Fund to the eligible person upon receipt from the applicable eligible person of
 111.20 the portion of the prior service credit purchase payment amount payable under paragraph
 111.21 (e) in a lump sum.

111.22 (e) Notwithstanding any provision of Minnesota Statutes, section 356.551, to the
 111.23 contrary, to obtain the service credit an eligible person must pay an amount equal to one
 111.24 half of the prior service credit purchase payment amount determined under Minnesota
 111.25 Statutes, section 356.551. Payment must be made before July 1, 2007, or prior to
 111.26 termination of Minneapolis Employees Retirement Fund covered employment, whichever
 111.27 is earlier.

111.28 (f) If the eligible person makes the payment under paragraph (e), the city of
 111.29 Minneapolis must pay the remaining balance of the prior service credit purchase payment
 111.30 amount determined under Minnesota Statutes, section 356.551, within 30 days of the
 111.31 payment by the eligible person. The executive director of the Minneapolis Employees
 111.32 Retirement Fund must notify the chief financial officer of the city of Minneapolis of
 111.33 its payment amount and its payment due date if the eligible person makes the required
 111.34 payment. If the city of Minneapolis fails to pay its portion of the required prior service
 111.35 credit purchase payment amount, the executive director of the Minneapolis Employees
 111.36 Retirement Fund must notify the commissioner of finance of that fact within 30 days of the

112.1 city payment due date and the commissioner of finance must order that the required city
112.2 payment be deducted from any state aid otherwise payable to the city and be transmitted
112.3 to the Minneapolis Employees Retirement Fund.

112.4 Sec. 15. **EFFECTIVE DATE.**

112.5 (a) Sections 1 to 13 are effective the day following final enactment.

112.6 (b) Section 12 is effective the day following the date on which the city council of
112.7 the city of St. Paul and its chief clerical officer timely complete their compliance with
112.8 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

112.9 (c) Section 14 is effective the day following the date on which the city council of the
112.10 city of Minneapolis and its chief clerical officer timely complete their compliance with
112.11 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

112.12 (d) Section 12 expires July 1, 2007."

112.13 Renumber the sections in sequence and correct the internal references

112.14 Amend the title accordingly

1.1 **Senator Higgins from the Committee on State and Local Government**
 1.2 **Operations, to which was referred**

1.3 **S.F. No. 2239:** A bill for an act relating to retirement; Minneapolis Teachers
 1.4 Retirement Fund Association and expanded list plans; clarifying mutual fund authority;
 1.5 revising investment authority to exclude below-investment grade bonds; amending
 Minnesota Statutes 2004, sections 354A.28, subdivision 5; 356A.06, subdivision 7.

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

1.8 Delete everything after the enacting clause and insert:

1.9 "ARTICLE 1

1.10 **MINNESOTA STATE RETIREMENT SYSTEM**

1.11 **CONTRIBUTION INCREASES**

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

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

1.15	<u>before July 1, 2007</u>	<u>4.00</u>
	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
1.17	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
1.18	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
1.19	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

1.20 These contributions must be made by deduction from salary as provided in
 1.21 subdivision 4.

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

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

1.25	<u>before July 1, 2007</u>	<u>4.00</u>
1.26	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
1.28	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
1.29	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

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

1.32 Subdivision 1. Application. This section applies to the general state employees
 1.33 retirement plan and the correctional state employees retirement plan under this chapter,
 1.34 and to the state patrol retirement plan under chapter 352B.

1.35 Subd. 2. Determination. For purposes of this section, a contribution sufficiency
 1.36 exists if, for purposes of the applicable plan, the total of the employee contributions,
 1.37 the employer contributions, and any additional employer contributions, if applicable,
 1.38 exceeds the total of the normal cost, the administrative expenses, and the amortization

1.39 contribution of the retirement plan as reported in the most recent actuarial valuation of the
2.1 retirement plan prepared by the actuary retained under section 356.214 and prepared under
2.2 section 356.215 and the standards for actuarial work of the Legislative Commission on
2.3 Pensions and Retirement. For purposes of this section, a contribution deficiency exists
2.4 if, for the applicable plan, the total employee contributions, employer contributions, and
2.5 any additional employer contributions are less than the total of the normal cost, the
2.6 administrative expenses, and the amortization contribution of the retirement plan as
2.7 reported in the most recent actuarial valuation of the retirement plan prepared by the
2.8 actuary retained under section 356.214 and prepared under section 356.215 and the
2.9 standards for actuarial work of the Legislative Commission on Pensions and Retirement.

2.10 Subd. 3. **Contribution rate revision.** Notwithstanding the contribution rate
2.11 provisions stated in plan law, the employee and employer contribution rates must be
2.12 adjusted:

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

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

2.24 Subd. 4. **Reporting, commission review.** (a) The contribution rate increase or
2.25 decrease must be determined by the executive director of the Minnesota State Retirement
2.26 System, must be reported to the chair and the executive director of the Legislative
2.27 Commission on Pensions and Retirement on or before the next February 1, and, if the
2.28 Legislative Commission on Pensions and Retirement does not recommend against the
2.29 rate change or does not recommend a modification in the rate change, is effective on the
2.30 next July 1 following the determination by the executive director that a contribution
2.31 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
2.32 recent actuarial valuations under section 356.215. If the actuarially required contribution
2.33 exceeds or is less than the total support provided by the combined employee and employer
2.34 contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the
2.35 applicable plan employee and employer contribution rates must be adjusted incrementally

3.1 over one or more years to a level such that there remains a contribution sufficiency of no
 3.2 more than 0.25 percent of covered payroll.

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

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

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

3.11	<u>before July 1, 2007</u>	<u>5.69</u>
3.12	<u>from July 1, 2007, to June 30, 2008</u>	<u>6.40</u>
3.13	<u>from July 1, 2008, to June 30, 2009</u>	<u>7.00</u>
3.14	<u>from July 1, 2009, to June 30, 2010</u>	<u>7.70</u>
3.15	<u>from July 1, 2010, and thereafter</u>	<u>8.60.</u>

3.16 These contributions must be made by deduction from salary as provided in section
 3.17 352.04, subdivision 4.

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

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

3.21	<u>before July 1, 2007</u>	<u>7.98</u>
3.22	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
3.23	<u>from July 1, 2008, to June 30, 2009</u>	<u>10.10</u>
3.24	<u>from July 1, 2009, to June 30, 2010</u>	<u>11.10</u>
3.25	<u>from July 1, 2010, and thereafter</u>	<u>12.10.</u>

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

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

3.30	<u>before July 1, 2007</u>	<u>8.40</u>
3.31	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
3.32	<u>from July 1, 2008, to June 30, 2009</u>	<u>9.80</u>
3.33	<u>from July 1, 2009, and thereafter</u>	<u>10.40.</u>

3.34 These contributions must be made by deduction from salary as provided in section
 3.35 352.04, subdivision 4.

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

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

4.4	<u>before July 1, 2007</u>	<u>12.60</u>
4.5	<u>from July 1, 2007, to June 30, 2008</u>	<u>13.60</u>
4.6	<u>from July 1, 2008, to June 30, 2009</u>	<u>14.60</u>
4.7	<u>from July 1, 2009, and thereafter</u>	<u>15.60.</u>

4.8 Department contributions must be paid out of money appropriated to departments
 4.9 for this purpose.

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

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

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

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

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

4.18 (e) For members of the legislature, the contributions under this subdivision also must
 4.19 be made on per diem payments received during a regular or special legislative session, but
 4.20 may not be made on per diem payments received outside of a regular or special legislative
 4.21 session, on the additional compensation attributable to a leadership position under section
 4.22 3.099, subdivision 3, living expense payments under section 3.101, or special session
 4.23 living expense payments under section 3.103.

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

4.27 Sec. 9. **EFFECTIVE DATE.**

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

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

4.30 **ARTICLE 2**

4.31 **MSRS-CORRECTIONAL RETIREMENT PLAN INCLUSIONS**

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

4.33 **352.90 POLICY.**

4.34 It is the policy of the legislature to provide special retirement benefits for and special
 4.35 contributions for by certain correctional employees who may be required to retire at

5.1 an early age because they lose the mental or physical capacity required to maintain the
 5.2 safety, security, discipline, and custody of inmates at state correctional facilities or of
 5.3 patients at the Minnesota Security Hospital ~~or at, of patients in the Minnesota Sexual~~
 5.4 ~~Psychopathic Personality Treatment Center~~ Sex Offender Program, or of patients in the
 5.5 Minnesota extended treatment options ~~on-campus program at the Cambridge Regional~~
 5.6 ~~Human Services Center.~~

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

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

- 5.12 (1) a corrections officer 1;
 5.13 (2) a corrections officer 2;
 5.14 (3) a corrections officer 3;
 5.15 (4) a corrections officer supervisor;
 5.16 (5) a corrections ~~officer 4~~ lieutenant;
 5.17 (6) a corrections captain;
 5.18 (7) a security counselor; ~~or~~
 5.19 (8) a security counselor lead; or
 5.20 (9) a corrections canine officer.

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

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

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

5.31 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by
 5.32 a state employee in one of the employment positions at a correctional facility or at the
 5.33 Minnesota Security Hospital, or in the Minnesota Sex Offender Program that are specified
 5.34 in paragraph (b); ~~provided that if~~ at least 75 percent of the employee's working time is
 5.35 spent in direct contact with inmates or patients and the fact of this direct contact is certified

6.1 to the executive director by the appropriate commissioner, ~~unless the person elects to~~
 6.2 ~~retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.~~

6.3 (b) The employment positions are as follows:

6.4 (1) registered nurse - senior;

6.5 (2) registered nurse;

6.6 (3) registered nurse - principal;

6.7 (4) licensed practical nurse 2; and

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

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

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

6.17 (b) The employment positions are as follows: baker; central services administrative
 6.18 specialist, intermediate; central services administrative specialist, principal; chaplain;
 6.19 chemical dependency counselor supervisor; chief cook; cook; cook coordinator;
 6.20 ~~corrections behavior therapist, corrections behavior therapist specialist, corrections parent~~
 6.21 ~~education coordinator;~~ corrections program therapist 1; corrections program therapist 2;
 6.22 corrections program therapist 3; corrections inmate program coordinator; corrections
 6.23 transitions program coordinator; corrections security caseworker; corrections security
 6.24 caseworker career; corrections teaching assistant; delivery van driver; dentist; electrician
 6.25 supervisor; general maintenance worker; general repair worker; laundry coordinator;
 6.26 library/information research services specialist; library/information research services
 6.27 specialist senior; library technician; plumber supervisor; psychologist 1; psychologist
 6.28 3; recreation therapist; recreation therapist coordinator; recreation program assistant;
 6.29 recreation therapist senior; ~~stores clerk senior;~~ sports medicine specialist; water treatment
 6.30 plant operator; ~~work therapy technician;~~ work therapy assistant; work therapy program
 6.31 coordinator; and work therapy technician.

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

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

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

7.9 (b) The employment positions are:

7.10 (1) behavior analyst 1;

7.11 (2) behavior analyst 2;

7.12 (3) behavior analyst 3;

7.13 (4) group supervisor;

7.14 (5) group supervisor assistant;

7.15 (6) human services support specialist;

7.16 ~~(7)~~ (7) mental retardation residential program lead;

7.17 ~~(8)~~ (8) psychologist 2;

7.18 ~~(9)~~ (9) recreation program assistant;

7.19 ~~(10)~~ (10) recreation therapist senior;

7.20 ~~(11)~~ (11) registered nurse senior;

7.21 ~~(12)~~ (12) skills development specialist; and

7.22 ~~(13)~~ (13) social worker senior;

7.23 (14) social worker specialist; and

7.24 (15) speech pathology specialist.

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

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

7.33 (b) The employment positions are:

7.34 (1) behavior analyst 2;

7.35 (2) ~~licensed practical nurse 1~~ behavior analyst 3;

7.36 (3) chemical dependency counselor senior;

- 8.1 (4) client advocate;
 8.2 (5) dental assistant registered;
 8.3 (6) group supervisor;
 8.4 (7) group supervisor assistant;
 8.5 (8) licensed practical nurse 1;
 8.6 (9) occupational therapist;
 8.7 (10) occupational therapist, senior;
 8.8 (11) office and administrative specialist senior;
 8.9 ~~(4)~~ (12) psychologist 1;
 8.10 (13) psychologist 2;
 8.11 ~~(5)~~ (14) psychologist 3;
 8.12 (15) recreation program assistant;
 8.13 (16) recreation therapist senior;
 8.14 (17) rehabilitation counselor senior;
 8.15 (18) skills development specialist;
 8.16 (19) social worker senior;
 8.17 (20) social worker specialist;
 8.18 ~~(6) behavior analyst 3~~ (21) social worker specialist, senior;
 8.19 (22) speech pathology clinician;
 8.20 (23) work therapy assistant; and
 8.21 ~~(7) social worker senior~~ (24) work therapy program coordinator.

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

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

8.29 (b) The qualifying employment positions ~~and the designated correctional facilities~~
 8.30 are:

8.31 (1) corrections discipline unit supervisor, ~~at the Minnesota Correctional~~
 8.32 ~~Facility-Faribault, the Minnesota Correctional Facility-Lino Lakes, the Minnesota~~
 8.33 ~~Correctional Facility-Oak Park Heights, the Minnesota Correctional Facility-Rush City,~~
 8.34 ~~and the Minnesota Correctional Facility-St. Cloud;~~

8.35 (2) dental assistant registered, ~~at the Minnesota Correctional Facility-Faribault, the~~
 8.36 ~~Minnesota Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose~~

9.1 ~~Lake, the Minnesota Correctional Facility-Oak Park Heights, and the Minnesota~~
 9.2 ~~Correctional Facility-Red Wing;~~

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

9.5 (4) ~~psychologist 2, at the Minnesota Correctional Facility-Faribault, the Minnesota~~
 9.6 ~~Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose Lake,~~
 9.7 ~~the Minnesota Correctional Facility-Oak Park Heights, the Minnesota Correctional~~
 9.8 ~~Facility-Red Wing, the Minnesota Correctional Facility-Rush City, the Minnesota~~
 9.9 ~~Correctional Facility-St. Cloud, the Minnesota Correctional Facility-Shakopee, and the~~
 9.10 ~~Minnesota Correctional Facility-Stillwater; or and~~

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

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

9.16 Subd. 3h. Employment occupation name changes. (a) If the occupational title of a
 9.17 state employee covered by the Minnesota correctional employees retirement plan changes
 9.18 from the applicable title listed in subdivision 1, 2, 2a, 3c, 3d, 3e, 3f, or 3g, qualification for
 9.19 coverage by the correctional state employees retirement plan continues until the July 1
 9.20 next following the title change if the commissioner of employee relations certifies to the
 9.21 executive director of the Minnesota State Retirement System and to the executive director
 9.22 of the Legislative Commission on Pensions and Retirement that the duties, requirements,
 9.23 and responsibilities of the new occupational title are substantially identical to the duties,
 9.24 requirements, and responsibilities of the prior occupational title.

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

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

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

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

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

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

10.13 (b) The review committee must include relevant department employees and
10.14 employee representatives. Periodically, the Department of Corrections will convene
10.15 meetings of the review committee. The review committee must review all requests and
10.16 the supporting documentation for coverage by the correctional employees retirement
10.17 plan and must determine which classes or positions meet the statutory requirements for
10.18 coverage. The review committee also must determine if incumbents of and recent retirees
10.19 from classes or positions determined for inclusion in correctional employees retirement
10.20 plan coverage have prior Department of Corrections employment which also qualified as
10.21 correctional service and which should be transferred from the general state employees
10.22 retirement plan to the plan and the initial date for each potential service credit transfer.

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

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

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

10.35 Sec. 12. COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN
10.36 PERSONS.

11.1 Subdivision 1. Election of prior state coverage. (a) An employee in the
11.2 occupational position of laundry coordinator or delivery van driver at the Minnesota
11.3 Correctional Facility-Faribault who has future retirement coverage transferred to the
11.4 correctional state employees retirement plan under section 5 is entitled to elect to obtain
11.5 prior service credit for eligible correctional state service performed after June 30, 1997,
11.6 and before July 1, 2006, with the Department of Corrections and an employee who had
11.7 future retirement coverage transferred to the correctional state employees retirement
11.8 plan under Laws 2004, chapter 267, article 1, section 1, is entitled to elect to obtain
11.9 prior service credit for eligible correctional state service performed at the Minnesota
11.10 Correctional Facility-Rush City before August 1, 2004. All prior service credit in either
11.11 instance must be purchased.

11.12 (b) Eligible correctional state service is either a prior period of continuous service
11.13 after June 30, 1997, at the Minnesota Correctional Facility-Faribault, or a prior period
11.14 of continuous service at the Minnesota Correctional Facility-Rush City before August 1,
11.15 2004, whichever applies, performed as an employee of the Department of Corrections that
11.16 would have been eligible for the correctional state employees retirement plan coverage
11.17 under section 1, if that prior service had been performed after August 1, 2004, or June 30,
11.18 2006, rather than before August 1, 2004, or July 1, 2006, whichever applies. Service is
11.19 continuous if there has been no period of discontinuation of eligible state service for a
11.20 period greater than 30 calendar days.

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

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

11.28 Subd. 2. Payment for prior service. (a) An employee electing to obtain prior
11.29 service credit under subdivision 1 must pay an additional employee contribution for
11.30 that prior service. The additional member contribution is the contribution differential
11.31 percentage applied to the actual salary paid to the employee during the period of the
11.32 prior eligible correctional state service, plus interest at the rate of 8.5 percent per annum,
11.33 compounded annually. The contribution differential percentage is the difference between
11.34 5.69 percent of salary and the applicable employee contribution rate of the general state
11.35 employees retirement plan during the period of the prior eligible correctional state service.

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

12.5 Subd. 3. **Transfer of assets.** (a) Assets must be transferred from the general state
12.6 employees retirement plan to the correctional state employees retirement plan in an
12.7 amount equal to the present value of benefits earned under the general state employees
12.8 retirement plan for each employee transferring to the correctional state employees
12.9 retirement plan under this section, as determined by the actuary retained under Minnesota
12.10 Statutes, section 356.214, in accordance with Minnesota Statutes, section 356.215,
12.11 multiplied by the accrued liability funding ratio of active members as derived from the
12.12 most recent actuarial valuation prepared by the actuary retained under Minnesota Statutes,
12.13 section 356.214. The transfer of assets must be made within 30 days after the employee
12.14 elects to transfer the coverage to the correctional state employees retirement plan.

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

12.19 Subd. 4. **Effect of the asset transfer.** Upon the transfer of assets in subdivision
12.20 3, service credit in the general state employees retirement plan of the Minnesota State
12.21 Retirement System is forfeited and may not be reinstated. The service credit and
12.22 transferred assets must be credited to the correctional state employees retirement plan.

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

12.24 Subdivision 1. **Authorization.** If the review of the corrections program director
12.25 position of the eligible individual under Minnesota Statutes 2005 Supplement, section
12.26 352.91, subdivision 4a, results in the inclusion of the corrections program director position
12.27 in the correctional state employees retirement plan of the Minnesota State Retirement
12.28 System by legislative enactment during the 2006 or 2007 legislative sessions, an eligible
12.29 individual specified in subdivision 2 is authorized to have service credit in the Minnesota
12.30 State Retirement System general state employees retirement plan for employment as
12.31 a corrections program director from June 17, 1995, to June 5, 2001, transferred from
12.32 the Minnesota State Retirement System general state employees retirement plan to the
12.33 Minnesota State Retirement System correctional state employees retirement plan, if all
12.34 conditions required by this section are met.

12.35 Subd. 2. **Eligibility.** An eligible individual is an individual who:

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

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

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

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

13.7 (5) is covered by the Minnesota State Retirement System correctional state
13.8 employees retirement plan for employment as a corrections lieutenant beginning June
13.9 6, 2001.

13.10 Subd. 3. **Employee equivalent contribution.** To receive the transfer of service
13.11 credit specified in subdivision 1, the individual must pay to the executive director of the
13.12 Minnesota State Retirement System the difference between the employee contribution rate
13.13 for the general state employees retirement plan and the employee contribution rate for
13.14 the correctional state employees retirement plan in effect during the period eligible for
13.15 transfer applied to the eligible individual's salary at the time each additional contribution
13.16 would have been deducted from pay if coverage had been provided by the correctional
13.17 state employees retirement plan. These amounts shall be paid in a lump sum by September
13.18 1, 2005, or prior to termination of service, whichever is earlier, plus 8.5 percent annual
13.19 compound interest from the applicable payroll deduction date until paid.

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

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

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

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

14.7 Sec. 14. **EFFECTIVE DATE.**

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

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

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

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

14.25 **ARTICLE 3**

14.26 **RETIREMENT PLAN ADMINISTRATIVE PROVISIONS**

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

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

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

14.34 (c) ~~For the tax-sheltered annuity program vendor contracts executed after July 1,~~
 14.35 ~~2000,~~ The board shall actively solicit participation of and shall include as vendors lower

15.1 expense and "no-load" mutual funds or equivalent investment products as those terms are
 15.2 defined by the federal Securities and Exchange Commission. ~~To the extent possible, in~~
 15.3 ~~addition to a range of insurance annuity contract providers and other mutual fund provider~~
 15.4 ~~arrangements, the board must assure that no less than five insurance annuity providers~~
 15.5 ~~and no less than one nor more than three lower expense and "no-load" mutual funds or~~
 15.6 ~~equivalent investment products will be made available for direct access by employee~~
 15.7 ~~participants.~~ To the extent that offering a lower expense "no-load" product increases the
 15.8 total necessary and reasonable expenses of the program and if the board is unable to
 15.9 negotiate a rebate of fees from the mutual fund or equivalent investment product providers,
 15.10 the board may charge the participants utilizing the lower expense "no-load" mutual fund
 15.11 products a fee to cover those expenses. The participant fee may not exceed one percent
 15.12 of the participant's annual contributions or \$20 per participant per year, whichever is
 15.13 greater. Any excess fee revenue generated under this subdivision must be reimbursed to
 15.14 participant accounts in the manner provided in subdivision 3a.

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

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

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

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

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

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

15.34 ~~(b) A retired employee or disabilitant who selected an optional joint and survivor~~
 15.35 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~

16.1 ~~single-life annuity is payable to the retired employee or the disabilitant if the designated~~
16.2 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single-life~~
16.3 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
16.4 ~~reduction of the person's annuity. A retired employee or disabilitant who selected an~~
16.5 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
16.6 ~~before July 1, 1989, shall receive a normal single-life annuity after that date, but shall not~~
16.7 ~~receive retroactive payments for periods before that date~~ The annuity adjustment specified
16.8 in paragraph (a) also applies to joint and survivor annuity options under subdivision
16.9 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
16.10 July 1, 1989, or on the first day of the first month following the death of the designated
16.11 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
16.12 as authorizing retroactive payments.

16.13 ~~(c) A retired employee or disabilitant who took a further actuarial reduction to elect~~
16.14 ~~an optional joint and survivor annuity that provides that the normal annuity is payable~~
16.15 ~~to the retired employee or disabilitant if the designated optional beneficiary died before~~
16.16 ~~July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person~~
16.17 ~~would have received if, at the time of retirement or disability, the person had selected only~~
16.18 ~~optional survivor coverage that would not have provided for restoration of the normal~~
16.19 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~
16.20 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~
16.21 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

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

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

16.31 (b) ~~A former member or disabilitant of the correctional or State Patrol fund who~~
16.32 ~~selected an optional joint and survivor annuity before July 1, 1989, but did not choose an~~
16.33 ~~option that provides that the normal single-life annuity is payable to the former member~~
16.34 ~~or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~
16.35 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~
16.36 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~

17.1 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~
 17.2 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~
 17.3 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~
 17.4 ~~date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor~~
 17.5 ~~annuity options elected prior to July 1, 1989. The annuity adjustment under this paragraph~~
 17.6 ~~occurs on July 1, 1989, or on the first day of the first month following the death of the~~
 17.7 ~~designated optional annuity beneficiary, whichever is later. This paragraph should not be~~
 17.8 ~~interpreted as authorizing retroactive payments.~~

17.9 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~
 17.10 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
 17.11 ~~the former member or disabilitant if the designated optional beneficiary died before July~~
 17.12 ~~1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person~~
 17.13 ~~would have received if, at the time of retirement or disability, the person had selected only~~
 17.14 ~~optional survivor coverage that would not have provided for restoration of the normal~~
 17.15 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~
 17.16 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~
 17.17 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

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

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

- 17.27 (1) are specifically excluded under subdivision 2b;
- 17.28 (2) do not exercise their option to elect retirement coverage in the association as
 17.29 provided in subdivision 2d, paragraph (a); or
- 17.30 (3) are employees of the governmental subdivisions listed in subdivision 2d,
 17.31 paragraph (b), where the governmental subdivision has not elected to participate as a
 17.32 governmental subdivision covered by the association.

17.33 (b) A public employee who was a member of the association on June 30, 2002,
 17.34 based on employment that qualified for membership coverage by the public employees
 17.35 retirement plan or the public employees police and fire plan under this chapter, or the local
 17.36 government correctional employees retirement plan under chapter 353E as of June 30,

18.1 2002, retains that membership until the employee terminates public employment under
18.2 subdivision 11a or terminates membership under subdivision 11b.

18.3 (c) Public employees under paragraph (a) includes physicians under section
18.4 353D.01, subdivision 2, who do not elect public employees defined contribution plan
18.5 coverage under section 353D.02, subdivision 2.

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

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

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

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

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

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

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

18.25 (b) Membership in the association is optional by action of the governmental
18.26 subdivision for the employees of the following governmental subdivisions under the
18.27 conditions specified:

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

18.32 (2) a county historical society if the county in which the historical society is located,
18.33 at its option, certifies to the executive director that the employees of the historical society
18.34 are to be county employees for purposes of retirement coverage under this chapter. The
18.35 status as a county employee must be accorded to all similarly situated county historical

19.1 society employees and, once established, must continue as long as a person is an employee
 19.2 of the county historical society; and

19.3 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
 19.4 employees other than paramedics, emergency medical technicians, and protection officers,
 19.5 if the corporate board establishes alternative retirement plans for certain classes of
 19.6 employees of the corporation and certifies the employees to be excluded from future
 19.7 retirement coverage.

19.8 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
 19.9 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
 19.10 not made, the employee is excluded from retirement coverage under this chapter. For
 19.11 employees who are covered by paragraph (a), clause (4), if the necessary election is not
 19.12 made, the employee must become a member and have retirement coverage under this
 19.13 chapter. For employees specified in paragraph (b), clause (3), membership continues until
 19.14 the exclusion option is exercised for the designated class of employee. The option to
 19.15 become a member, once exercised under this subdivision, may not be withdrawn until
 19.16 termination of public service as defined under subdivision 11a.

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

19.18 Subd. 11a. **Termination of public service.** (a) "Termination of public service"
 19.19 occurs when a member resigns or is dismissed from public service by the employing
 19.20 governmental subdivision ~~or when a position ends and the member who held the position~~
 19.21 ~~is not considered by the governmental subdivision to be on a temporary layoff,~~ and
 19.22 the employee does not, within 30 days of the date the employment relationship ended,
 19.23 return to an employment position in the same governmental subdivision or when the
 19.24 employer-employee relationship is severed due to the expiration of a layoff under
 19.25 subdivision 12 or 12c.

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

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

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

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

19.33 (2) ~~when a member does not return to work within 30 days of the expiration of~~
 4 ~~an authorized temporary layoff under subdivision 12 or an authorized leave of absence~~

20.1 ~~under subdivision 31 as evidenced by the appropriate record filed by the governmental~~
 20.2 ~~subdivision; or~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21.6 (4) a period of authorized personal, parental, or medical leave of absence without
21.7 pay, including a leave of absence covered under the federal Family Medical Leave Act,
21.8 that does not exceed one year, and during or for which a member obtained service credit
21.9 for each month in the leave period by payments to the fund made in place of salary
21.10 deductions. The payments must be made in an amount or amounts based on the member's
21.11 average salary on which deductions were paid for the last six months of public service, or
21.12 for that portion of the last six months while the member was in public service, to apply to
21.13 the period in either case that immediately precedes the commencement of the leave of
21.14 absence. If the employee elects to pay the employee contributions for the period of any
.15 authorized personal, parental, or medical leave of absence without pay, or for any portion
21.16 of the leave, the employee shall also, as a condition to the exercise of the election, pay
21.17 to the fund an amount equivalent to the required employer and the additional employer
21.18 contributions, if any, for the employee. The payment must be made within one year from
21.19 the expiration of the leave of absence or within 20 days after termination of public service
21.20 under subdivision 11a, whichever is earlier. The employer, by appropriate action of its
21.21 governing body which is made a part of its official records and which is adopted before the
21.22 date of the first payment of the employee contribution, may certify to the association in
21.23 writing its commitment to pay the employer and additional employer contributions from
21.24 the proceeds of a tax levy made under section 353.28. Payments under this paragraph must
25 include interest at an annual rate of 8.5 percent compounded annually from the date of the
21.26 termination of the leave of absence to the date payment is made. An employee shall return
21.27 to public service and render a minimum of three months of allowable service in order to
21.28 be eligible to pay employee and employer contributions for a subsequent authorized leave
21.29 of absence without pay. Upon payment, the employee must be granted allowable service
21.30 credit for the purchased period;

21.31 (5) a periodic, repetitive leave that is offered to all employees of a governmental
21.32 subdivision. The leave program may not exceed 208 hours per annual normal work
21.33 cycle as certified to the association by the employer. A participating member obtains
21.34 service credit by making employee contributions in an amount or amounts based on the
.35 member's average salary that would have been paid if the leave had not been taken. The
21.36 employer shall pay the employer and additional employer contributions on behalf of the

22.1 participating member. The employee and the employer are responsible to pay interest on
22.2 their respective shares at the rate of 8.5 percent a year, compounded annually, from the
22.3 end of the normal cycle until full payment is made. An employer shall also make the
22.4 employer and additional employer contributions, plus 8.5 percent interest, compounded
22.5 annually, on behalf of an employee who makes employee contributions but terminates
22.6 public service. The employee contributions must be made within one year after the end of
22.7 the annual normal working cycle or within 20 days after termination of public service,
22.8 whichever is sooner. The association shall prescribe the manner and forms to be used by a
22.9 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
22.10 member must be granted allowable service credit for the purchased period;

22.11 (6) an authorized temporary or seasonal layoff under subdivision 12, limited to three
22.12 months allowable service per authorized temporary or seasonal layoff in one calendar year.
22.13 An employee who has received the maximum service credit allowed for an authorized
22.14 temporary or seasonal layoff must return to public service and must obtain a minimum of
22.15 three months of allowable service subsequent to the layoff in order to receive allowable
22.16 service for a subsequent authorized temporary or seasonal layoff; or

22.17 (7) a period during which a member is absent from employment by a governmental
22.18 subdivision by reason of service in the uniformed services, as defined in United States
22.19 Code, title 38, section 4303(13), if the member returns to public service upon discharge
22.20 from service in the uniformed service within the time frames required under United
22.21 States Code, title 38, section 4312(e), provided that the member did not separate from
22.22 uniformed service with a dishonorable or bad conduct discharge or under other than
22.23 honorable conditions. The service is credited if the member pays into the fund equivalent
22.24 employee contributions based upon the contribution rate or rates in effect at the time
22.25 that the uniformed service was performed multiplied by the full and fractional years
22.26 being purchased and applied to the annual salary rate. The annual salary rate is the
22.27 average annual salary during the purchase period that the member would have received
22.28 if the member had continued to be employed in covered employment rather than to
22.29 provide uniformed service, or, if the determination of that rate is not reasonably certain,
22.30 the annual salary rate is the member's average salary rate during the 12-month period of
22.31 covered employment rendered immediately preceding the period of the uniformed service.
22.32 Payment of the member equivalent contributions must be made during a period which
22.33 begins with the date on which the individual returns to public employment and that is three
22.34 times the length of the military leave period, or within five years of the date of discharge
22.35 from the military service, whichever is less. If the determined payment period is less than
22.36 one year, the contributions required under this clause to receive service credit may be

23.1 made within one year of the discharge date. Payment may not be accepted following 20
23.2 days after termination of public service under subdivision 11a. If the member equivalent
23.3 contributions provided for in this clause are not paid in full, the member's allowable
23.4 service credit must be prorated by multiplying the full and fractional number of years of
23.5 uniformed service eligible for purchase by the ratio obtained by dividing the total member
23.6 contributions received by the total member contributions otherwise required under this
23.7 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
23.8 employer contribution must be paid by the governmental subdivision employing the
23.9 member if the member makes the equivalent employee contributions. The employer
23.10 payments must be made from funds available to the employing unit, using the employer
23.11 and additional employer contribution rate or rates in effect at the time that the uniformed
23.12 service was performed, applied to the same annual salary rate or rates used to compute the
23.13 equivalent member contribution. The governmental subdivision involved may appropriate
23.14 money for those payments. The amount of service credit obtainable under this section may
23.15 not exceed five years unless a longer purchase period is required under United States Code,
23.16 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
23.17 employer contribution amounts payable under this clause. Interest must be computed at
23.18 a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave
23.19 or the break in service to the end of the month in which the payment is received. Upon
23.20 payment, the employee must be granted allowable service credit for the purchased period.

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

23.26 (c) For a public employee who has prior service covered by a local police or
23.27 firefighters relief association that has consolidated with the Public Employees Retirement
23.28 Association or to which section 353.665 applies, and who has elected the type of benefit
23.29 coverage provided by the public employees police and fire fund either under section
23.30 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
23.31 service" is a period of service credited by the local police or firefighters relief association
23.32 as of the effective date of the consolidation based on law and on bylaw provisions
23.33 governing the relief association on the date of the initiation of the consolidation procedure.

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

23.36 (e) MS 2002 (Expired)

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

24.2 Subdivision 1. **Management; composition; election.** (a) The management of the
24.3 public employees retirement fund is vested in an 11-member board of trustees consisting
24.4 of ten members and the state auditor ~~who~~. The state auditor may designate a deputy
24.5 auditor with expertise in pension matters as the auditor's representative on the board. The
24.6 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
24.7 represent school boards, one to represent cities, one to represent counties, one who is a
24.8 retired annuitant, and one who is a public member knowledgeable in pension matters. The
24.9 membership of the association, including recipients of retirement annuities and disability
24.10 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
24.11 be a member of the police and fire fund and one of whom must be a former member
24.12 who met the definition of public employee under section 353.01, subdivisions 2 and
24.13 2a, for at least five years prior to terminating membership or a member who receives a
24.14 disability benefit, ~~for terms of four years~~. Terms expire on January 31 of the fourth year,
24.15 and positions are vacant until newly elected members are seated. Except as provided in
24.16 this subdivision, trustees elected by the membership of the association must be public
24.17 employees and members of the association.

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

24.31 (c) By January 10 of each year in which elections are to be held, the board shall
24.32 distribute by mail to the members ballots listing the candidates. No member may vote for
24.33 more than one candidate for each board position to be filled. A ballot indicating a vote for
24.34 more than one person for any position is void. No special marking may be used on the
24.35 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no

25.1 later than January 31. The ballot envelopes must be so designated and the ballots counted
 25.2 in a manner that ensures that each vote is secret.

25.3 (d) A candidate who:

25.4 ~~(1)~~ receives contributions or makes expenditures in excess of \$100², or

~~(2)~~ has given implicit or explicit consent for any other person to receive contributions

25.6 or make expenditures in excess of \$100 for the purpose of bringing about the candidate's

25.7 election, shall file a report with the campaign finance and public disclosure board

25.8 disclosing the source and amount of all contributions to the candidate's campaign. The

25.9 campaign finance and public disclosure board shall prescribe forms governing these

25.10 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.

25.11 These terms do not include the mailing made by the association board on behalf of the

25.12 candidate. A candidate shall file a report within 30 days from the day that the results of

25.13 the election are announced. The Campaign Finance and Public Disclosure Board shall

25.14 maintain these reports and make them available for public inspection in the same manner

25.15 as the board maintains and makes available other reports filed with it. ~~By January 10~~

25.16 ~~of each year in which elections are to be held the board shall distribute by mail to the~~

25.17 ~~members ballots listing the candidates. No member may vote for more than one candidate~~

25.18 ~~for each board position to be filled. A ballot indicating a vote for more than one person for~~

25.19 ~~any position is void. No special marking may be used on the ballot to indicate incumbents.~~

25.20 ~~The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of~~

25.21 ~~the fourth year, and positions are vacant until newly elected members are qualified. The~~

25.22 ~~ballot envelopes must be so designed and the ballots counted in a manner that ensures~~

25.23 ~~that each vote is secret.~~

25.24 (e) The secretary of state shall supervise review and approve the procedures defined

25.25 by the board of trustees for conducting the elections specified in this subdivision, including

25.26 board policies adopted under paragraph (b).

25.27 (f) The board of trustees and the executive director shall undertake their activities

25.28 consistent with chapter 356A.

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

25.30 Subd. 1a. **Vacancy, how filled.** Any vacancy on the board caused by death,

25.31 resignation, or removal of any trustee, or occurring because an elected trustee ceases to be

25.32 a public employee and an active member of the association, must be filled by the board

25.33 for trustees elected by members, and by the governor for other trustees, for the unexpired

25.34 portion of the term in which the vacancy occurs. The board shall adopt policies and

25.35 procedures governing how the vacancy of an elected trustee is to be filled.

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

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

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

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

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

26.18 (2) invalid, if the initial erroneous employee deduction began on or after January
26.19 1, 1990. Upon determination of the error, the association shall ~~require the employer~~
26.20 ~~to discontinue erroneous employee deductions and erroneous employer contributions~~
26.21 ~~and additional employer contributions. Upon discontinuance, the association shall~~
26.22 refund all erroneous employee deductions ~~to the person, with interest, under section~~
26.23 ~~353.34, subdivision 2,~~ and all erroneous employer contributions ~~and additional employer~~
26.24 ~~contributions to the employer~~ as specified in paragraph (d). No person may claim a right
26.25 to continued or past membership in the association based on erroneous deductions which
26.26 began on or after January 1, 1990.

26.27 (b) Erroneous deductions taken from the salary of a person who did not qualify
26.28 for membership in the association by virtue of concurrent employment before July 1,
26.29 1978, which required contributions to another retirement fund or relief association
26.30 established for the benefit of officers and employees of a governmental subdivision, are
26.31 invalid. Upon discovery of the error, the association shall remove all invalid service and
26.32 upon termination of public service, the association shall refund all erroneous employee
26.33 deductions to the person, with interest under section 353.34, subdivision 2, and all
26.34 erroneous employer contributions to the employer. This paragraph has both retroactive
26.35 and prospective application.

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

27.4 (d) Upon discovery of the receipt of erroneous deductions and contributions under
27.5 paragraph (a), clause (2), or paragraph (c), the association must require the employer to
27.6 discontinue the erroneous employee deductions and erroneous employer contributions.
27.7 Upon discontinuation, the association must refund the invalid employee deductions to the
27.8 person without interest and invalid employer contributions to the employer or provide a
27.9 credit against future contributions payable by the employer for the amount of all erroneous
27.10 deductions and contributions. In the event a retirement annuity or disability benefit had
27.11 been computed using invalid service or salary, the association must adjust the annuity or
27.12 benefit and recover the overpayment under subdivision 7b.

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

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

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

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

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

27.32 (c) A potential transfer under paragraph (a) that would cause the plan to fail to be a
27.33 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
27.34 made by the executive director of the association. Within 30 days after being notified by
27.35 the Public Employees Retirement Association of an unmade potential transfer under this
27.36 paragraph, the employer of the affected person must transmit an amount representing the

28.1 applicable salary deductions and employer contributions, without interest, to the retirement
28.2 fund of the appropriate Minnesota public pension plan, or to the individual account if the
28.3 proper coverage is by a defined contribution plan. The association must provide a credit
28.4 for the amount of the erroneous salary deductions and employer contributions against
28.5 future contributions from the employer.

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

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

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

28.14 Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which
28.15 receives the direct proceeds of property taxation fails to pay an amount due under chapter
28.16 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the
28.17 governmental subdivision for payment. If the governmental subdivision fails to remit the
28.18 sum so due in a timely fashion, the executive director shall certify the amount to the
28.19 applicable county auditor for collection. The county auditor shall collect the amount
28.20 out of the revenue of the governmental subdivision, or shall add the amount to the levy
28.21 of the governmental subdivision and make payment directly to the association. This
28.22 tax must be levied, collected, and apportioned in the manner that other taxes are levied,
28.23 collected, and apportioned.

28.24 (b) If a governmental subdivision which is not funded directly from the proceeds
28.25 of property taxation fails to pay an amount due under this chapter, the executive director
28.26 shall certify the amount to the governmental subdivision for payment. If the governmental
28.27 subdivision fails to pay the amount for a period of 60 days after certification, the executive
28.28 director shall certify the amount to the commissioner of finance, who shall deduct the
28.29 amount from any subsequent state-aid payment or state appropriation amount applicable
28.30 to the governmental subdivision and make payment directly to the association.

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

28.32 Subd. 8. **Annuities; payment; evidence of receipt.** Payment of any annuity or
28.33 benefit for a given month shall be mailed by the association to the annuitant, recipient
28.34 of a disability benefit, or survivor, or automatically deposited under section 356.401,
28.35 subdivision 2, during the first week of that month. ~~Evidence of receipt of warrants issued~~

29.1 ~~by the association in payment of an annuity or benefit shall be submitted by the payee~~
 29.2 ~~thereof to the association periodically at times specified by the board of trustees, together~~
 29.3 ~~with a written declaration that the annuitant or recipient of a disability benefit has or~~
 29.4 ~~has not returned to public service; that the surviving dependent spouse has or has not~~
 29.5 ~~remarried; and shall be furnished on forms provided by the executive director thereof,~~
 29.6 ~~before the association shall pay to the disability recipient or survivor for the next ensuing~~
 29.7 ~~month, the benefit to which the person otherwise may be entitled. In lieu of the evidence~~
 29.8 ~~of receipt of warrants for recipients of an annuity or a benefit; The board may contract~~
 29.9 ~~for professional services to identify deceased annuitants and benefit recipients through a~~
 29.10 ~~review of nationally maintained death records.~~

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

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

29.18 (b) ~~A former member or disabilitant who selected an optional joint and survivor~~
 29.19 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
 29.20 ~~single life annuity is payable to the former member or the disabilitant if the designated~~
 29.21 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~
 29.22 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
 29.23 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~
 29.24 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
 29.25 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~
 29.26 ~~receive retroactive payments for periods before that date~~ The annuity adjustment specified
 29.27 in paragraph (a) also applies to joint and survivor annuity options under subdivision
 29.28 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
 29.29 July 1, 1989, or on the first day of the first month following the death of the designated
 29.30 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
 29.31 as authorizing retroactive payments.

29.32 (c) ~~A former member or disabilitant who took a further actuarial reduction to elect~~
 29.33 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
 29.34 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~
 29.35 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~
 29.36 ~~amount the person would have received if, at the time of retirement or disability, the person~~

30.1 ~~had selected only optional survivor coverage that would not have provided for restoration~~
30.2 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~
30.3 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~
30.4 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

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

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

30.13 ~~(b) A former member or disabiltant of the police and fire fund who selected an~~
30.14 ~~optional joint and survivor annuity before July 1, 1989, but did not choose an option~~
30.15 ~~that provides that the normal single life annuity is payable to the former member or~~
30.16 ~~the disabiltant if the designated optional annuity beneficiary dies first, is eligible for~~
30.17 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~
30.18 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~
30.19 ~~or disabiltant who selected an optional joint and survivor annuity, but whose designated~~
30.20 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~
30.21 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~
30.22 ~~date~~ The annuity adjustment specified in paragraph (a) also applies to joint and survivor
30.23 annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment
30.24 under this paragraph occurs on July 1, 1989, or on the first day of the first month following
30.25 the death of the designated optional annuity beneficiary, whichever is later. This paragraph
30.26 should not be interpreted as authorizing retroactive payments.

30.27 ~~(c) A former member or disabiltant who took a further actuarial reduction to elect~~
30.28 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
30.29 ~~the former member or disabiltant if the designated optional beneficiary dies first but has~~
30.30 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~
30.31 ~~amount the person would have received if, at the time of retirement or disability, the person~~
30.32 ~~had selected only optional survivor coverage that would not have provided for restoration~~
30.33 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~
30.34 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~
30.35 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

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

31.2 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
31.3 who has credit for not less than three years of allowable service and dies before the
31.4 annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or
31.5 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the
31.6 surviving spouse may elect to receive, instead of a refund with interest under subdivision
31.7 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal
31.8 to the 100 percent joint and survivor annuity that the member could have qualified for
31.9 had the member terminated service on the date of death.

31.10 (b) If the member was under age 55 and has credit for at least 30 years of allowable
31.11 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
31.12 and survivor annuity based on the age of the member and surviving spouse on the date
31.13 of death. The annuity is payable using the full early retirement reduction under section
31.14 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction
31.15 from age 55 to the age payment begins.

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

31.22 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
31.23 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
31.24 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
31.25 with the association. If there is no surviving spouse or child or children, a former spouse
31.26 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
31.27 marriage dissolution decree but not a monthly surviving spouse optional annuity despite
31.28 the terms of a marriage dissolution decree filed with the association.

31.29 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
31.30 may apply for the annuity at any time after the date on which the deceased employee
31.31 would have attained the required age for retirement based on the employee's allowable
31.32 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b)
31.33 or (c) may apply for an annuity any time after the member's death. The annuity must be
31.34 computed under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a,
31.35 1b, 1c, and 5; and ~~353.31, subdivision 3.~~

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

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

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

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

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

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

32.24 Subdivision 1. **Age, service, and salary requirements.** A coordinated member
32.25 who has at least three years of allowable service and becomes totally and permanently
32.26 disabled before normal retirement age, and a basic member who has at least three years
32.27 of allowable service and who becomes totally and permanently disabled is entitled to a
32.28 disability benefit in an amount determined under subdivision 3. If the disabled person's
32.29 public service has terminated at any time, at least two of the required three years of
32.30 allowable service must have been rendered after last becoming a an active member. A
32.31 repayment of a refund must be made within six months after the effective date of disability
32.32 benefits under subdivision 2 or within six months after the date of the filing of the
32.33 disability application, whichever is later. No purchase of prior service or payment made
32.34 in lieu of salary deductions otherwise authorized under section 353.01, subdivision 16,

33.1 ~~353.017, subdivision 4, or 353.36, subdivision 2,~~ may be made after the occurrence of the
 33.2 disability for which an application under this section is filed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34.23 (2) 125 percent of the base salary currently paid by the employing governmental
 34.24 subdivision for similar positions.

34.25 The disability benefit must be reduced by one dollar for each three dollars by which
 34.26 the total amount of the current disability benefit, any workers' compensation benefits if
 34.27 applicable, and actual earnings exceed the greater disabilitant reemployment earnings
 34.28 limit. In no event may the disability benefit as adjusted under this subdivision exceed
 34.29 the disability benefit originally allowed.

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

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

34.33 (1) elected local government officials of a governmental subdivision who elect to
 34.34 participate in the plan under section 353D.02, subdivision 1, and who, for the elected

35.1 service rendered to a governmental subdivision, are not members of the Public Employees
35.2 Retirement Association within the meaning of section 353.01, subdivision 7;

35.3 (2) physicians who, if they did not elect to participate in the plan under section
35.4 353D.02, subdivision 2, would meet the definition of member under section 353.01,
subdivision 7;

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

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

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

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

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

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

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

35.32 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service
35.33 ~~or privately operated ambulance service~~ with eligible personnel ~~that receives an operating~~
35.34 ~~subsidy from a governmental entity~~ may elect to participate in the plan. If a service elects
35.35 to participate, its eligible personnel may elect to participate or to decline to participate. An
35.36 individual's election must be made within 30 days of the service's election to participate

36.1 or 30 days of the date on which the individual was employed by the service or began to
 36.2 provide service for it, whichever date is later. An election by a service or an individual is
 36.3 revocable.

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

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

36.6 (1) a jail administered by a county;

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

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

36.9 or

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

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

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

36.19 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~
 36.20 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
 36.21 ~~single life annuity is payable to the former member or the disabilitant if the designated~~
 36.22 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~
 36.23 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
 36.24 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~
 36.25 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
 36.26 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~
 36.27 ~~receive retroactive payments for periods before that date~~The annuity adjustment specified
 36.28 in paragraph (a) also applies to joint and survivor annuity options under subdivision
 36.29 1 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
 36.30 July 1, 1989, or on the first day of the first month following the death of the designated
 36.31 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
 36.32 as authorizing retroactive payments.

36.33 ~~(c) The restoration of the normal single life annuity under this subdivision will take~~
 36.34 ~~effect on the first of the month following the date of death of the designated optional~~
 36.35 ~~annuity beneficiary or on the first of the month following one year before the date on~~

37.1 ~~which a certified copy of the death record of the designated optional annuity beneficiary is~~
37.2 ~~received in the office of the Teachers Retirement Association, whichever date is later.~~

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

37.4 Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant
37.5 has selected a joint and survivor annuity option under subdivision 1 after June 30,
37.6 1989, the former member or disabilitant must receive a normal single life annuity if the
37.7 designated optional annuity beneficiary dies before the former member or disabilitant.
37.8 Under this option, no reduction may be made in the person's annuity to provide for
37.9 restoration of the normal single life annuity in the event of the death of the designated
37.10 optional annuity beneficiary.

37.11 ~~(b) A former coordinated member or disabilitant who selected an optional joint~~
37.12 ~~and survivor annuity before July 1, 1989, but did not choose an option that provides~~
37.13 ~~that the normal single life annuity is payable to the former member or the disabilitant if~~
37.14 ~~the designated optional annuity beneficiary dies first, is eligible for restoration of the~~
37.15 ~~normal single life annuity if the designated optional annuity beneficiary dies first, without~~
37.16 ~~further actuarial reduction of the person's annuity. A former member or disabilitant who~~
37.17 ~~selected an optional joint and survivor annuity, but whose designated optional annuity~~
37.18 ~~beneficiary died before July 1, 1989, shall receive a normal single life annuity after that~~
37.19 ~~date, but shall not receive retroactive payments for periods before that date.~~The annuity
37.20 adjustment specified in paragraph (a) also applies to joint and survivor annuity options
37.21 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
37.22 July 1, 1989, or on the first day of the first month following the death of the designated
37.23 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
37.24 as authorizing retroactive payments.

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

37.35 ~~(d)~~Unless otherwise specified in this subdivision, the restoration of the normal single
37.36 life annuity under this subdivision will take effect on the first of the month following the

38.1 date of death of the designated optional annuity beneficiary or on the first of the month
38.2 following one year before the date on which a certified copy of the death record of the
38.3 designated optional annuity beneficiary is received in the office of the appropriate teachers
38.4 retirement fund association, whichever date is later.

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

38.6 **354D.05 CONTRIBUTIONS.**

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

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

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

38.23 Subd. 2. **Employer contributions.** (a) The employer of eligible employees an
38.24 employee described in subdivision 1 who are eligible to participate in either the Minnesota
38.25 State Retirement System or the Public Employees Retirement Association shall, paragraph
38.26 (a), must make an employer contribution to the employee's individual retirement account
38.27 plan in an amount equal to the employer contribution amount required by the plan for
38.28 which the individual was originally eligible for membership account as specified in section
38.29 354B.23, subdivisions 3 and 4.

38.30 (b) The employer of eligible employees an employee described in subdivision 1
38.31 who are eligible to participate in the Teachers Retirement Association shall, paragraph
38.32 (b), must make an employer contribution to the employee's individual retirement account
38.33 plan in an amount account equal to the employer contribution including, if applicable,
38.34 any employer additional contribution required by section 354.42, subdivision 3, and
38.35 shall make an employer contribution to the applicable plan law for the Minnesota State
38.36 Retirement System, Public Employees Retirement Association, or Teachers Retirement

39.1 Association in ~~an amount equal to which the employer contribution required by section~~
 39.2 ~~354.42, subdivision 5~~ individual would otherwise be a member.

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

Sec. 41. **REPEALER.**

39.5 (a) Minnesota Statutes 2002, sections 353.33, subdivision 5b; and 490.11, are
 39.6 repealed on July 1, 2004.

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

39.8

39.9 Sec. 36. **REPEALER.**

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

39.11 Sec. 37. **EFFECTIVE DATE.**

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

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

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

39.16 (d) Sections 3, 4, 20, 21, 32, and 33 are not intended to increase, modify, impair,
 39.17 or diminish the benefit entitlements specified in the sections of Minnesota Statutes being
 39.18 amended. If the executive director of the Minnesota State Retirement System, the Public
 39.19 Employees Retirement Association, the Teachers Retirement Association, or a first
 39.20 class city teacher retirement fund association, whichever is applicable, determines that
 39.21 any provision of those sections does increase, modify, impair, or diminish the benefit
 39.22 entitlements as reflected in applicable law just prior to the effective date of this section,
 39.23 the applicable executive director shall certify that determination and a recommendation
 4 as to the required legislative correction to the chairs of the Legislative Commission on
 39.25 Pensions and Retirement, the house Governmental Operations and Veterans Affairs Policy
 39.26 Committee, the senate State and Local Governmental Operations Committee, and the
 39.27 executive director of the Legislative Commission on Pensions and Retirement.

39.28

ARTICLE 4

39.29

PERA-P&F RETIREMENT PLAN CHANGES

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

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

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

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

40.9 (b) The benefits must be in an amount equal to 60 percent of the "average salary" as
40.10 defined in section 353.01, subdivision 17a, plus an additional percent specified in section
40.11 356.315, subdivision 6, of that average salary for each year of service in excess of 20
40.12 years. If the disability under this subdivision occurs before the member has at least five
40.13 years of allowable service credit in the police and fire plan, the disability benefit must be
40.14 computed on the "average salary" from which deductions were made for contribution to
40.15 the police and fire fund.

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

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

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

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

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

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

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

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

41.11 ~~(b)~~ (2) is living at the age-65 required for receipt of a retirement annuity under
41.12 section 353.651, subdivision 1, or five years after the effective date of the disability,
41.13 whichever is later, the member may continue to receive a normal disability benefit,
41.14 or the member may elect a joint and survivor optional annuity under section 353.30.
4. The optional annuity is based on the minimum disability benefit under subdivision 1 or
41.16 3, or the member's allowable service, whichever is greater. The election of this joint
41.17 and survivor annuity must occur within 90 days of the age-65 required for receipt of a
41.18 retirement annuity under section 353.651, subdivision 1, or the five-year anniversary of the
41.19 effective date of the disability benefit, whichever is later. The optional annuity takes effect
41.20 the first of the month following the month in which the person attains the age-65 required
41.21 for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the
41.22 five-year anniversary of the effective date of the disability benefit, whichever is later; or

41.23 ~~(c)~~ if there is (3) has a dependent child or children under paragraph (a) or (b) clause
41.24 (1) or (2), the association shall grant a dependent child benefit under section 353.657,
subdivision 3.

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

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

42.1 Sec. 5. EFFECTIVE DATE.42.2 (a) Sections 1 to 3 are effective July 1, 2006.42.3 (b) Section 4 is effective the day following final enactment.

42.4 ARTICLE 5

42.5 PRIVATIZATION RETIREMENT COVERAGE CHANGE

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

42.7 **352F.04 AUGMENTATION INTEREST ~~RATE~~ RATES FOR TERMINATED**
42.8 **~~UNIVERSITY HOSPITAL~~ PRIVATIZED EMPLOYEES.**42.9 Subdivision 1. Enhanced augmentation rates. (a) The deferred annuity of a
42.10 terminated hospital employee who attained that status prior to the effective date of this
42.11 section is subject to augmentation in accordance with under Minnesota Statutes 1994,
42.12 section 352.72, subdivision 2, except that the rate of interest for this purpose augmentation
42.13 is 5.5 percent compounded annually until January 1 following the year in which such the
42.14 person attains age 55. From that date to the effective date of retirement, the augmentation
42.15 rate is 7.5 percent compounded annually. These42.16 (b) If a terminated hospital employee attained that status on or after the effective date
42.17 of this section, the augmentation rate is four percent compounded annually until January
42.18 1, following the year in which the person attains age 55. From that date to the effective
42.19 date of retirement, the augmentation rate is six percent compounded annually.42.20 Subd. 2. Exceptions. The increased augmentation rates are no longer applicable for
42.21 any time after specified in subdivision 1 do not apply if the terminated hospital employee
42.22 or Academic Health Center employee:42.23 (1) becomes covered again by a retirement fund plan enumerated in section 356.30,
42.24 subdivision 3. These increased deferred annuity augmentation rates do not apply to a
42.25 terminated transferred hospital employee or Academic Health Center employee who; or42.26 (2) begins receipt of a retirement annuity while employed by Fairview the employer
42.27 which assumed operations of the medical facility or other public employing unit or
42.28 purchased the medical facility or other public employing unit.42.29 Sec. 2. Minnesota Statutes 2005 Supplement, section 353F.02, subdivision 4, is
42.30 amended to read:42.31 Subd. 4. **Medical facility.** "Medical facility" means:

42.32 (1) Bridges Medical Services;

42.33 (2) the City of Cannon Falls Hospital;42.34 (3) the Dassel Lakeside Community Home;42.35 (4) the Fair Oaks Lodge, Wadena;42.36 (5) the Glencoe Area Health Center;

- 43.1 ~~(4)~~ (6) the Hutchinson Area Health Care;
 43.2 ~~(5)~~ (7) the Kanabec Hospital;
 43.3 ~~(6)~~ (8) the Luverne Public Hospital;
 43.4 ~~(7)~~ (9) the Northfield Hospital;
 43.5 ~~(8)~~ (10) the RenVilla Nursing Home;
 43.6 ~~(9)~~ (11) the Renville County Hospital in Olivia;
 43.7 ~~(10)~~ (12) the St. Peter Community Healthcare Center; and
 43.8 ~~(11)~~ (13) the Waconia-Ridgeview Medical Center.

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

43.10 **353F.04 AUGMENTATION INTEREST ~~RATE~~ RATES FOR TERMINATED**
 43.11 **MEDICAL OR OTHER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.**

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

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

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

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

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

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

44.4 Sec. 4. EFFECTIVE DATE.

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

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

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

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

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

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

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

44.33

ARTICLE 6

44.34

SOCIAL SECURITY COVERAGE CHANGES

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

45.1 Subd. 3g. **Local governmental subdivision.** "Local governmental subdivision"

45.2 means:

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

45.4 (2) an instrumentality of the state;

45.5 (3) an instrumentality of one or more of the political subdivisions of the state;

45.6 ~~including the League of Minnesota Cities;~~

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

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

45.9 (6) any instrumentality established under a joint powers agreement under section

45.10 471.59 wherein the instrumentality is responsible for the employment and the payment of

45.11 the salaries of the employees of the instrumentality.

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

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

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

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

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

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

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

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

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

- 46.13 (1) constitutional officers;
46.14 (2) Duluth teachers;
46.15 (3) educational employees;
46.16 (4) higher education employees;
46.17 (5) hospital employees;
46.18 (6) judges;
46.19 (7) legislators;
46.20 (8) Minneapolis teachers;
46.21 (9) public employees;
46.22 (10) St. Paul teachers; and
46.23 (11) ~~special authority or district employees; and~~
46.24 ~~(12) state employees.~~

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

- 46.28 (1) special authority or district employees in positions covered by a retirement plan
46.29 provided by the employer; and
46.30 (2) local elected officials of a local governmental subdivision or of a special authority
46.31 or district holding positions covered by the defined contribution plan under chapter 353D.
46.32 (c) Each local governmental subdivision or special authority or district desiring
46.33 inclusion in the state Social Security agreement for groups covered by paragraph (b) must
46.34 request such coverage by submitting a formal resolution to the director, including therein
46.35 the desired starting date for Social Security coverage.

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

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

47.8 Subd. 4. Referendum. The director shall authorize and supervise a referendum
47.9 under section 218(d)(6)(C) of the Social Security Act to be held on the date or dates set by
47.10 the local governmental subdivision or by the special authority or district desiring inclusion
47.11 under subdivision 3, paragraph (b). The referendum must permit each eligible employee
47.12 the opportunity to elect Social Security coverage. The notice of referendum required by
47.13 section 218(d) of the Social Security Act must contain a statement sufficient to inform
47.14 the person of the rights which accrue under the Social Security Act and the employee
47.15 contribution rates applicable to the program. The cost of the referendum must be borne
47.16 by the governmental subdivision. The director, on receiving satisfactory evidence that
47.17 the conditions required by section 218 of the Social Security Act have been met, must
47.18 so certify to the Secretary of Health and Human Services.

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

47.21 Subd. 5. Retroactive Social Security coverage. An employee or elected official
47.22 who elects Social Security coverage under subdivision 4 may obtain retroactive coverage
47.23 for the period specified in the modification of the agreement if the individual is employed
47.24 by the local governmental subdivision or by the special authority or district on the date of
47.25 the modification of the agreement. The employee or elected official must pay an amount
47.26 equal to the taxes which would have been imposed on the person by the Federal Insurance
47.27 Contributions Act had the service been covered at the time performed. The employing
47.28 local governmental subdivision or special authority or district must pay the necessary
47.29 employer contributions for the retroactive period. Nothing in this section shall require an
47.30 employee or elected official to elect retroactive Social Security coverage.

47.31 Sec. 6. [355.095] OPTIONAL MEDICARE COVERAGE FOR CERTAIN
47.32 PUBLIC EMPLOYEES.

47.33 Subdivision 1. Agreement. (a) The director, on behalf of the state, its political
47.34 subdivisions, and its other governmental employers, is authorized to enter into an
47.35 agreement with the Secretary of Health and Human Services to extend the provisions of
47.36 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph

48.1 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who
48.2 do not have coverage by the federal old age, survivors, and disability insurance program
48.3 for that employment under any previous modification of the agreement or previous
48.4 Medicare referendum.

48.5 (b) The applicable employees are:

48.6 (1) employees who are members of one of the retirement plans in section 356.30,
48.7 subdivision 3, except clauses (4) and (8), based on continuous employment since March
48.8 31, 1986; and

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

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

48.15 (b) The director shall authorize a referendum on the question of extending the
48.16 provisions of United States Code, title 42, sections 426, 426-1, and 1395c. The director
48.17 shall supervise the referendum in accordance with the requirements of United States Code,
48.18 title 42, section 418, on the date or dates set. The cost of such referendum must be borne by
48.19 the requesting retirement plan, or the requesting special authority or district. The notice of
48.20 the referendum provided to each eligible employee must contain a statement sufficient to
48.21 inform the person of the rights available as an employee in Medicare qualified government
48.22 employment and the employee contribution rates applicable to the program. The
48.23 referendum must permit each eligible employee the opportunity to vote in such referendum
48.24 in accordance with the requirements in the Social Security Act. The director, on receiving
48.25 satisfactory evidence that the conditions specified in United States Code, title 42, section
48.26 418(d)(7) have been met, must so certify to the Secretary of Health and Human Services.

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

48.30 Subd. 4. Retroactive Medicare coverage. An individual who obtains Medicare
48.31 coverage through the referendum under subdivision 2 may obtain retroactive coverage for
48.32 the period specified in the modification of the agreement if employed by the governmental
48.33 subdivision or by the special authority or district on the date of the modification of the
48.34 agreement. The individual must pay an amount equal to the Medicare taxes which would
48.35 have been imposed on the employee had the service been covered at the time performed.
48.36 The employing local governmental subdivision or special authority or district must pay

49.1 the necessary employer contributions for the retroactive Medicare coverage period.
49.2 Nothing in this section shall require an employee or elected official to elect retroactive
49.3 Medicare coverage.

49.4 **Sec. 7. EFFECTIVE DATE.**

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

49.6 **ARTICLE 7**

49.7 **SUPPLEMENTAL RETIREMENT PLAN COVERAGE CHANGES**

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

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

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

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

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

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

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

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

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

49.34 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
49.35 and Universities and not covered by clause (5), to the supplemental retirement plan under

50.1 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
50.2 or in the collective bargaining agreement of the public employer with the exclusive
50.3 representative of the covered employees in an appropriate unit, in an amount matching
50.4 employee contributions on a dollar for dollar basis, but not to exceed an employer
50.5 contribution of \$2,700 a year for each employee;

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

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

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

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

50.25 or

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

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

50.33 Sec. 2. **EFFECTIVE DATE.**

50.34 Section 1 is effective the day following final enactment.

50.35

ARTICLE 8

51.1 **RETIREMENT FUND INVESTMENT AUTHORITY CHANGES**

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

51.3 **354A.08 AUTHORIZED INVESTMENTS.**

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

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

51.13 Subd. 5. **Investment.** The assets of the annuity reserve fund must be invested,
51.14 reinvested, and retained ~~in the discretion of~~ by the board of trustees of the Minneapolis
51.15 Teachers Retirement Fund Association in authorized investments under section ~~11A.24~~
51.16 356A.06, subdivision 7.

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

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

51.25 (b) If after four years of reporting under this paragraph, the total portfolio time
51.26 weighted rate of return, net of all investment related costs and fees, provided by the public
51.27 pension plan differs by no more than 0.1 percent from the comparable return for the plan
51.28 calculated by the office of the state auditor, and if a public pension plan has a total market
51.29 value of \$10,000,000 \$25,000,000 or more as of the beginning of the calendar year, and if
51.30 the public pension plan's annual audit is performed by the state auditor or by the legislative
51.31 auditor, the report required by subdivision 1 must include the market value of the total
51.32 portfolio and the market value of each investment account, investment portfolio, or asset
51.33 class included in the pension fund as of the beginning of the calendar year and as of the
51.34 end of the calendar year. At the discretion of the state auditor, the public pension plan may
51.35 be required to submit the market value of the total portfolio and the market value of each

52.1 investment account, investment portfolio, or asset class included in the pension fund for
52.2 each month, and the amount and date of each injection and withdrawal to the total portfolio
52.3 and to each investment account, investment portfolio, or asset class. If a public pension
52.4 plan once files a report under this paragraph the market value of a public pension plan's
52.5 fund drops below \$25,000,000 in a subsequent year, it must continue reporting under this
52.6 paragraph for any subsequent year in which the public pension plan is not fully invested as
52.7 specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in
52.8 market value in that subsequent year except that if the public pension plan's annual audit
52.9 is not performed by the state auditor or legislative auditor, paragraph (c) applies.

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

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

52.25 ~~(d)~~ (e) If a public pension plan has a total market value of less than \$10,000,000
52.26 \$25,000,000 as of the beginning of the calendar year and was never required to file under
52.27 paragraph (b) or (c), the report required by subdivision 1 must include the amount and
52.28 date of each total portfolio injection and withdrawal. In addition, the report must include
52.29 the market value of the total portfolio as of the beginning of the calendar year and for
52.30 each quarter.

52.31 ~~(e)~~ (f) Any public pension plan reporting under paragraph (b) or ~~(d)~~ may (c) must
52.32 include computed time-weighted rates of return with the report, in addition to all other
52.33 required information, as applicable. If these returns are supplied, the individual who
52.34 computed The chief administrative officer of the public pension plan submitting the returns
52.35 must certify on a form prescribed by the state auditor that the returns have been computed
52.36 by the pension plan's investment performance consultant or custodial bank. The chief

53.1 administrative officer of the public pension plan submitting the returns also must certify
 53.2 that the returns are net of all costs and fees, including investment management fees, and
 53.3 that the procedures used to compute the returns are consistent with Bank Administration
 53.4 Institute studies of investment performance measurement and ~~Association for Investment~~
 53.5 ~~Management and Research~~ presentation standards set by the Certified Financial Analyst
 53.6 Institute. If the certifications required under this paragraph are not provided, the reporting
 53.7 requirements of paragraph (c) apply.

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

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

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

53.25 (b) For each public pension plan reporting under subdivision 3, paragraph (b), the
 53.26 state auditor shall ~~compute and~~ report total portfolio and asset class time-weighted rates of
 53.27 return, net of all investment-related costs and fees. If the state auditor has required a plan
 53.28 to submit the market value of the total portfolio and the market value of each investment
 53.29 account, investment portfolio, or asset class included in the pension fund for each month,
 53.30 and the amount and date of each injection and withdrawal to the total portfolio and to each
 53.31 investment account, investment portfolio, or asset class as prescribed under subdivision
 53.32 3, paragraph (b), the state auditor shall also compute and report total portfolio and asset
 53.33 class time-weighted rates of return, net of all costs and fees.

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

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

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

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

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

54.13 **Subd. 7. Expanded list of authorized investment securities. (a) Authority.**

54.14 Except to the extent otherwise authorized by law ~~or bylaws~~, a covered pension plan not
54.15 described by subdivision 6, paragraph (a), ~~may~~ shall invest its assets only in accordance
54.16 with this subdivision.

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

54.24 **(c) Government obligations.** The covered pension plan may invest funds in
54.25 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness
54.26 provided the issue is backed by the full faith and credit of the issuer or the issue is rated
54.27 among the top four quality rating categories by a nationally recognized rating agency. The
54.28 obligations in which funds may be invested under this paragraph include guaranteed or
54.29 insured issues of (1) the United States, its agencies, its instrumentalities, or organizations
54.30 created and regulated by an act of Congress; (2) Canada and its provinces, provided
54.31 the principal and interest is payable in United States dollars; (3) the states and their
54.32 municipalities, political subdivisions, agencies, or instrumentalities; (4) the International
54.33 Bank for Reconstruction and Development, the Inter-American Development Bank, the
54.34 Asian Development Bank, the African Development Bank, or any other United States
54.35 government sponsored organization of which the United States is a member, provided the
54.36 principal and interest is payable in United States dollars.

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

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

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

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

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

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

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

55.28 (iv) mortgage participation or pass through certificates evidencing interests in pools
55.29 of first mortgages or trust deeds on improved real estate located in the United States where
55.30 the loan to value ratio for each loan as calculated in accordance with section 61A.28,
55.31 subdivision 3, does not exceed 80 percent for fully amortizable residential properties and
55.32 in all other respects meets the requirements of section 61A.28, subdivision 3;

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

5 (vi) guaranteed investment contracts are limited to those issued by insurance
55.36 companies or banks rated in the top four quality categories by a nationally recognized

56.1 rating agency or to alternative guaranteed investment contracts where the underlying
56.2 assets comply with the requirements of this subdivision;

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

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

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

56.9 (3) In addition to investments authorized by clause (1), item (iv), the covered
56.10 pension plan may purchase from the Minnesota Housing Finance Agency all or any part of
56.11 a pool of residential mortgages, not in default, that has previously been financed by the
56.12 issuance of bonds or notes of the agency. The covered pension plan may also enter into
56.13 a commitment with the agency, at the time of any issue of bonds or notes, to purchase
56.14 at a specified future date, not exceeding 12 years from the date of the issue, the amount
56.15 of mortgage loans then outstanding and not in default that have been made or purchased
56.16 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable
56.17 fees for any such commitment and may agree to purchase the mortgage loans at a price
56.18 sufficient to produce a yield to the covered pension plan comparable, in its judgment,
56.19 to the yield available on similar mortgage loans at the date of the bonds or notes. The
56.20 covered pension plan may also enter into agreements with the agency for the investment
56.21 of any portion of the funds of the agency. The agreement must cover the period of the
56.22 investment, withdrawal privileges, and any guaranteed rate of return.

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

56.28 (1) the aggregate value of corporate stock investments under this paragraph, plus
56.29 paragraphs (g) and (k), plus equity investments under paragraphs (h), (i), and (j), as
56.30 adjusted for realized profits gains and losses, must not exceed 85 percent of the market
56.31 or book value, whichever is less, of a fund, less the aggregate value of investments
56.32 according to paragraph (h); and

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

56.35 (g) **Developed market foreign stocks investments.** In addition to investments
56.36 authorized under paragraph (f), the covered pension fund may invest in foreign stock

57.1 sold on an exchange in any developed market country included in the Europe, Australia,
57.2 and Far East Index.

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

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

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

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

57.18 (i) venture capital investment businesses through participation in limited partnerships
57.19 and corporations;

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

57.23 (iii) regional and mutual funds through bank sponsored collective funds and
57.24 open-end investment companies registered under the Federal Investment Company Act of
57.25 1940 which do not qualify under paragraph (h);

57.26 (iv) resource investments through limited partnerships, private placements, and
57.27 corporations; and

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

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

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

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

58.1 (iii) covered pension plan participation in an investment vehicle is limited to 20
58.2 percent thereof for investments made under clause (1), item (i), (ii), (iii), or (iv); and
58.3 (iv) covered pension plan participation in a limited partnership does not include a
58.4 general partnership interest or other interest involving general liability. The covered
58.5 pension plan may not engage in any activity as a limited partner which creates general
58.6 liability.

58.7 Sec. 6. TRANSITION PROVISION.

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

58.11 Sec. 7. EFFECTIVE DATE.

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

58.13 **ARTICLE 9**

58.14 **MINNEAPOLIS EMPLOYEES RETIREMENT FUND CHANGES**

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

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

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

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

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

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

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

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

59.8 (c) To the extent that the deposit accumulation fund has insufficient assets to transfer
 59.9 the total value of the required reserves for retirement annuities to either the fund under
 59.10 subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required,
 59.11 the deposit accumulation fund has a transfer amount payable on which an interest charge
 59.12 accrues. The executive director must determine the interest charge for the period that
 59.13 transfer amount payable remains unpaid at an annual rate equal to five percent plus
 59.14 the percentage increase in the amount of the annual Consumer Price Index for urban
 59.15 wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the
 59.16 United States Department of Labor from the previous June 30. The interest charge must
 59.17 be reflected in the books of the Minneapolis Employees Retirement Fund and assessed
 59.18 against the deposit accumulation fund based on the average quarterly transfer amount
 59.19 payable balance outstanding. Any revenue received by the deposit accumulation fund
 59.20 subsequent to unpaid transfers must be transferred from the deposit accumulation fund
 59.21 to the disability benefit fund or to the retirement fund, whichever applies, must first be
 59.22 applied to any remaining interest charge and then must be applied to the principal amount
 59.23 of transfer amount payable outstanding.

59.24 Sec. 3. Minnesota Statutes 2004, section 422A.06, subdivision 5, is amended to read:

59.25 **Subd. 5. Transfer of reserves to retirement benefit fund; adjustments of**
 59.26 **annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities
 59.27 as determined in accordance with the appropriate mortality table adopted by the board of
 59.28 trustees based on the experience of the fund as recommended by the ~~commission-retained~~
 59.29 actuary retained under section 356.214 and using the postretirement interest assumption
 59.30 specified in section 356.215, subdivision 8, ~~shall~~ must be transferred to the disability
 59.31 benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any
 59.32 amounts payable from the survivor benefit fund, as of date of retirement.

59.33 (b) If a full transfer amount is not payable from the deposit accumulation fund, the
 59.34 applicable fund must be credited with an interest-bearing transfer amount receivable.

59.35 ~~(b)~~ (c) Annuity payments ~~shall~~ must be adjusted in accordance with this chapter,
 59.36 except that no minimum retirement payments described in this chapter ~~shall~~ must include

60.1 any amounts payable from the survivors' benefit fund or disability benefit fund and
60.2 supplemented benefits specifically financed by statute.

60.3 ~~(e)~~ (d) Increases in annuity payments pursuant to under this section shall must be
60.4 made automatically unless written notice on a form prescribed by the board is filed with
60.5 the retirement board requesting that the increase not be made.

60.6 ~~(d)~~ (e) Any additional annuity which began to accrue on July 1, 1973, or which
60.7 began to accrue on January 1, 1974, pursuant to Laws 1973, chapter 770, section 1, shall
60.8 must be considered as part of the base amount to be used in determining any postretirement
60.9 adjustments payable pursuant to under the provisions of subdivision 8.

60.10 Sec. 4. Minnesota Statutes 2005 Supplement, section 422A.06, subdivision 7, is
60.11 amended to read:

60.12 Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established,
60.13 containing the required reserves for disability allowances under this chapter unless
60.14 subdivision 3, paragraph (c), applies. A proportionate share of income from investments
60.15 must be allocated to this fund and any interest charge under subdivision 3, paragraph (c),
60.16 must be credited to the fund. There must be paid from this fund the disability allowances
60.17 payable under this chapter.

60.18 (b) In the event of the termination of any disability allowance for any reason other
60.19 than the death of the recipient, the balance of the required reserves for the disability
60.20 allowance as of the date of the termination must be transferred from the disability benefit
60.21 fund to the deposit accumulation fund.

60.22 (c) At the end of each fiscal year, as part of the annual actuarial valuation, a
60.23 determination must be made of the required reserves for all disability allowances being
60.24 paid from the disability benefit fund. Any excess of assets over actuarial required reserves
60.25 in the disability benefit fund must be transferred to the deposit accumulation fund. Unless
60.26 subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the
60.27 disability benefit fund must be funded by a transfer of the appropriate amount of assets
60.28 from the deposit accumulation fund.

60.29 Sec. 5. Minnesota Statutes 2004, section 422A.06, subdivision 8, is amended to read:

60.30 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund ~~shall consist~~
60.31 consists of amounts held for payment of retirement allowances for members retired
60.32 pursuant to under this chapter, including any transfer amount payable under subdivision 3,
60.33 paragraph (c).

60.34 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves
60.35 for retirement allowances pursuant to under this chapter determined in accordance with
60.36 the appropriate mortality table adopted by the board of trustees based on the experience of

61.1 the fund as recommended by the ~~commission-retained-actuary~~ shall retained under section
61.2 356.214, must be transferred from the deposit accumulation fund to the retirement benefit
61.3 fund as of the last business day of the month in which the retirement allowance begins.
61.4 The income from investments of these assets ~~shall~~ must be allocated to this fund and any
61.5 interest charge under subdivision 3, paragraph (c), must be credited to the fund. There
61.6 ~~shall~~ must be paid from this fund the retirement annuities authorized by law. A required
61.7 reserve calculation for the retirement benefit fund must be made by the actuary retained
61.8 ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214 and
61.9 must be certified to the retirement board by the ~~commission-retained-actuary.~~

61.10 (c) The retirement benefit fund ~~shall~~ must be governed by the applicable laws
61.11 governing the accounting and audit procedures, investment, actuarial requirements,
61.12 calculation and payment of postretirement benefit adjustments, discharge of any deficiency
61.13 in the assets of the fund when compared to the actuarially determined required reserves,
61.14 and other applicable operations and procedures regarding the Minnesota postretirement
61.15 investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996,
61.16 section 11A.18, and any legal or administrative interpretations of those laws of the State
61.17 Board of Investment, the legal advisor to the Board of Investment and the executive
61.18 director of the State Board of Investment in effect on June 30, 1997. If a deferred yield
61.19 adjustment account is established for the Minnesota postretirement investment fund
61.20 before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the
61.21 retirement board shall also establish and maintain a deferred yield adjustment account
61.22 within this fund.

61.23 (d) Annually, following the calculation of any postretirement adjustment payable
61.24 from the retirement benefit fund, the board of trustees shall submit a report to the
61.25 executive director of the Legislative Commission on Pensions and Retirement and to the
61.26 commissioner of finance indicating the amount of any postretirement adjustment and
61.27 the underlying calculations on which that postretirement adjustment amount is based,
61.28 including the amount of dividends, the amount of interest, and the amount of net realized
61.29 capital gains or losses utilized in the calculations.

61.30 (e) With respect to a former contributing member who began receiving a retirement
61.31 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June
61.32 30, 1997, or with respect to a survivor of a former contributing member who began
61.33 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June
61.34 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living
61.35 adjustment payable to those annuity or benefit recipients annually must be transferred back
61.36 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.

62.1 The calculation of this annual reduced cost-of-living adjustment reserve transfer must
 62.2 be reviewed by the actuary retained ~~by the Legislative Commission on Pensions and~~
 62.3 ~~Retirement~~ under section 356.214.

62.4 Sec. 6. Minnesota Statutes 2004, section 422A.101, subdivision 3, is amended to read:

62.5 Subd. 3. **State contributions.** (a) Subject to the limitation set forth in paragraph (c),
 62.6 the state shall pay to the Minneapolis Employees Retirement Fund annually an amount
 62.7 equal to the amount calculated under paragraph (b).

62.8 (b) The payment amount is an amount equal to the financial requirements of the
 62.9 Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund
 62.10 prepared by the commission-retained actuary pursuant to section 356.215 for the most
 62.11 recent year but based on a target date for full amortization of the unfunded actuarial
 62.12 accrued liabilities by June 30, 2020, less the amount of employee contributions required
 62.13 pursuant to section 422A.10, and the amount of employer contributions required pursuant
 62.14 to subdivisions 1a, 2, and 2a. Payments shall be made September 15 annually.

62.15 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
 62.16 plus the cost of the annual supplemental benefit determined under section 356.43.

62.17 (d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000,
 62.18 the excess must be allocated to and paid to the fund by the employers identified in
 62.19 subdivisions 1a and 2, other than units of metropolitan government. Each employer's
 62.20 share of the excess is proportionate to the employer's share of the fund's unfunded
 62.21 actuarial accrued liability as disclosed in the annual actuarial valuation prepared by
 62.22 the actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under
 62.23 section 356.214 compared to the total unfunded actuarial accrued liability attributed
 62.24 to all employers identified in subdivisions 1a and 2, other than units of metropolitan
 62.25 government. Payments must be made in equal installments as set forth in paragraph (b).

62.26 Sec. 7. **REPEALER.**

62.27 Minnesota Statutes 2004, section 422A.101, subdivision 4, is repealed.

62.28 Sec. 8. **EFFECTIVE DATE; LOCAL APPROVAL.**

62.29 Sections 1 to 7 are effective retroactively on June 30, 2005, once the city council of
 62.30 the city of Minneapolis and its chief clerical officer timely complete their compliance with
 62.31 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

62.32 ARTICLE 10

62.33 MINNEAPOLIS POLICE RELIEF ASSOCIATION CHANGES

62.34 Section 1. Minnesota Statutes 2004, section 423B.07, is amended to read:

63.1 **423B.07 AUTHORIZED FUND DISBURSEMENTS.**

63.2 The police pension fund may be used only for the payment of:

63.3 (1) service, disability, or dependency pensions;

63.4 (2) notwithstanding a contrary provision of section 69.80, the salaries of the elected
 63.5 members of the board of trustees in an amount not to exceed ~~three~~ seven units for the
 63.6 president and five units for other elected board members;

63.7 (3) expenses of officers and employees of the association in connection with the
 63.8 protection of the fund;

63.9 (4) expenses of operating and maintaining the association, including the
 63.10 administrative expenses related to the administration of the insurance plan authorized
 63.11 in section 423B.08; and

63.12 (5) other expenses authorized by section 69.80, or other applicable law.

63.13 Sec. 2. Minnesota Statutes 2005 Supplement, section 423B.09, subdivision 1, is
 63.14 amended to read:

63.15 **Subdivision 1. Minneapolis police; persons entitled to receive pensions.** The
 63.16 association shall grant pensions payable from the police pension fund in monthly
 63.17 installments to persons entitled to pensions in the manner and for the following purposes.

63.18 (a) An active member or a deferred pensioner who has performed duty as a member
 63.19 of the police department of the city for five years or more, upon written application after
 63.20 retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a
 63.21 service pension. Active members, deferred members, and service pensioners are entitled
 63.22 to a service pension according to the following schedule:

	<u>A</u>	<u>B</u>
63.23		
63.24	5 years 8.0 <u>8.5</u> units	<u>9.0</u> units
63.25	6 years 9.6 <u>10.1</u> units	<u>10.6</u> units
63.26	7 years 11.2 <u>11.7</u> units	<u>12.2</u> units
63.27	8 years 12.8 <u>13.3</u> units	<u>13.8</u> units
63.28	9 years 14.4 <u>14.9</u> units	<u>15.4</u> units
63.29	10 years 16.0 <u>16.5</u> units	<u>17.0</u> units
63.30	11 years 17.6 <u>18.1</u> units	<u>18.6</u> units
63.31	12 years 19.2 <u>19.7</u> units	<u>20.2</u> units
63.32	13 years 20.8 <u>21.3</u> units	<u>21.8</u> units
63.33	14 years 22.4 <u>22.9</u> units	<u>23.4</u> units
63.34	15 years 24.0 <u>24.5</u> units	<u>25.0</u> units
63.35	16 years 25.6 <u>26.1</u> units	<u>26.6</u> units
63.36	17 years 27.2 <u>27.7</u> units	<u>28.2</u> units
63.37	18 years 28.8 <u>29.3</u> units	<u>29.8</u> units
63.38	19 years 30.4 <u>30.9</u> units	<u>31.4</u> units
63.39	<u>A</u>	<u>B</u>
63.40	20 years 34.5 units	35.0 units

64.1	21 years	36.1 units	36.6 units
64.2	22 years	37.7 units	38.2 units
64.3	23 years	39.3 units	39.8 units
64.4	24 years	40.9 units	41.4 units
64.5	25 years	42.5 units	43.0 units

64.6 Column A is applicable until December 31, 2005, and applies retroactively to
 64.7 January 1, 2005, for a service pensioner who retired before January 1, 2005. Column B
 64.8 applies on and after January 1, 2006.

64.9 Fractional years of service may not be used in computing pensions.

64.10 (b) An active member who after five years' service but less than 20 years' service
 64.11 with the police department of the city, becomes superannuated so as to be permanently
 64.12 unable to perform the person's assigned duties, is entitled to be paid monthly for life a
 64.13 superannuation pension equal to four units for five years of service and an additional two
 64.14 units for each full year of service over five years and less than 20 years.

64.15 (c) An active member who is not eligible for a service pension and who, while a
 64.16 member of the police department of the city, becomes diseased or sustains an injury while
 64.17 in the service that permanently unfits the member for the performance of police duties is
 64.18 entitled to be paid monthly for life a pension equal to 34 units while so disabled.

64.19 **Sec. 3. EFFECTIVE DATE; LOCAL APPROVAL.**

64.20 (a) Section 1 is effective the day after the date of approval by the city council of
 64.21 the city of Minneapolis and the timely completion by the chief clerical officer of the city
 64.22 of Minneapolis of compliance with Minnesota Statutes, section 645.021, subdivisions
 64.23 2 and 3.

64.24 (b) Section 2 is effective the day after the governing body of the city of Minneapolis
 64.25 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
 64.26 section 645.021, subdivisions 2 and 3.

64.27

ARTICLE 11

64.28

RECODIFICATION OF VARIOUS

64.29

STATEWIDE SPECIALTY RETIREMENT PLANS

64.30 Section 1. Minnesota Statutes 2004, section 3A.01, subdivision 1, is amended to read:

64.31 Subdivision 1. **Purposes.** Each of the terms defined in this section, for the purposes
 64.32 of this chapter shall be given has the meanings meaning ascribed to them.

64.33 Sec. 2. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to
 64.34 read:

65.1 Subd. 1a. Actuarial equivalent. "Actuarial equivalent" means the condition of one
65.2 allowance or benefit having an equal actuarial present value to another allowance or
65.3 benefit, determined by the actuary retained under section 356.214 as of a given date at a
65.4 specified age with each actuarial present value based on the mortality table applicable for
65.5 the plan and approved under section 356.215, subdivision 18, and using the applicable
65.6 preretirement or postretirement interest rate assumption specified in section 356.215,
65.7 subdivision 8.

65.8 Sec. 3. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to
65.9 read:

65.10 Subd. 1b. Average monthly salary. "Average monthly salary" means the average
65.11 of the member's highest five successive years of salary that was received as a member
65.12 of the legislature and upon which the member has made contributions under section
65.13 3A.03, subdivision 1, or for which the member of the legislature has made payments for
65.14 past service under Minnesota Statutes 2004, section 3A.02, subdivision 2, or has made,
65.15 before July 1, 1994, payments in lieu of contributions under Minnesota Statutes 1992,
65.16 section 3A.031.

65.17 Sec. 4. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to
65.18 read:

65.19 Subd. 1c. Constitutional officer. "Constitutional officer" means a person who was
65.20 duly elected, qualifies for, and serves as the governor, the lieutenant governor, the attorney
65.21 general, the secretary of state, or the state auditor of the state of Minnesota.

65.22 Sec. 5. Minnesota Statutes 2004, section 3A.01, subdivision 2, is amended to read:

65.23 Subd. 2. Dependent child. (a) "Dependent child" means any natural or adopted
65.24 child of a deceased member of the legislature or a former legislator who is under the age
65.25 of 18, or who is under the age of 22 and is a full-time student, and who, in either case, is
65.26 unmarried and was actually dependent for more than one-half of support upon such the
65.27 legislator for a period of at least 90 days immediately prior to before the legislator's
65.28 death. It

65.29 (b) The term also includes any child of the member of the legislature or former
65.30 legislator who was conceived during the lifetime of, and who was born after the death of,
65.31 the member or former legislator. This subdivision shall be retroactive as to any dependent
65.32 child under the age of 22 years as of April 1, 1975.

65.33 Sec. 6. Minnesota Statutes 2004, section 3A.01, subdivision 6, is amended to read:

65.34 Subd. 6. Director. "Director" means the executive director of the Minnesota State
65.35 Retirement System who was appointed under section 352.03, subdivision 5.

66.1 Sec. 7. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to
66.2 read:

66.3 Subd. 6b. Former legislator. "Former legislator" means a legislator who has
66.4 ceased to be a member of the legislature for any reason, including, but not limited to, the
66.5 expiration of the term for which a member of the legislature was elected or the death
66.6 of the member.

66.7 Sec. 8. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to
66.8 read:

66.9 Subd. 6c. Member of the legislature. "Member of the legislature" means a
66.10 person who was a member of the house of representatives or of the senate of the state of
66.11 Minnesota who has subscribed to the oath of office after July 1, 1965, and who was first
66.12 elected to a legislative office before July 1, 1997, and retained coverage by the plan under
66.13 Laws 1997, chapter 233, article 2, section 15.

66.14 Sec. 9. Minnesota Statutes 2004, section 3A.01, subdivision 8, is amended to read:

66.15 Subd. 8. Normal retirement age. "Normal retirement age" means the age of 60
66.16 years with regard to any member of the legislature whose service terminates prior to the
66.17 beginning of the 1981 legislative session, and the age of 62 years with regard to any
66.18 member of the legislature whose service terminates after the beginning of the 1981 session.

66.19 Sec. 10. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision
66.20 to read:

66.21 Subd. 9. Retirement. "Retirement" means the period of time after which a former
66.22 legislator is entitled to a retirement allowance.

66.23 Sec. 11. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision
66.24 to read:

66.25 Subd. 10. Salary. (a) "Salary" means the regular compensation payable under law
66.26 to a member of the legislature and paid to the person for service as a legislator.

66.27 (b) The term includes the monthly compensation paid to the member of the
66.28 legislature and the per diem payments paid during a regular or special session to the
66.29 member of the legislature.

66.30 (c) The term does not include per diem payments paid to a member of the legislature
66.31 other than during the regular or special session; additional compensation attributable to a
66.32 leadership position under section 3.099, subdivision 3; living expense payments under
66.33 section 3.101; and special session living expense payments under section 3.103.

66.34 Sec. 12. Minnesota Statutes 2004, section 3A.011, is amended to read:

66.35 **3A.011 ADMINISTRATION OF PLAN.**

67.1 The executive director and the board of directors of the Minnesota State Retirement
67.2 System shall administer the legislators retirement plan in accordance with this chapter
67.3 and chapter 356A.

Sec. 13. Minnesota Statutes 2004, section 3A.02, subdivision 1, is amended to read:

67.5 Subdivision 1. **Qualifications.** (a) A former legislator is entitled, upon written
67.6 application to the director, to receive a retirement allowance monthly, if the person:

67.7 (1) has either served at least six full years, without regard to the application of
67.8 section 3A.10, subdivision 2, or has served during all or part of four regular sessions as a
67.9 member of the legislature, which service need not be continuous;

67.10 (2) has attained the normal retirement age;

67.11 (3) has retired as a member of the legislature; and

67.12 (4) has made all contributions provided for in section 3A.03, has made payments
67.13 for past service under subdivision 2, or has made payments in lieu of contributions under
4 Minnesota Statutes 1992, section 3A.031, prior to before July 1, 1994.

67.15 ~~(b) This paragraph applies to members of the legislature who terminate service as~~
67.16 ~~a legislator before July 1, 1997. For service rendered before the beginning of the 1979~~
67.17 ~~legislative session, but not to exceed eight years of service, the retirement allowance is~~
67.18 ~~an amount equal to five percent per year of service of that member's average monthly~~
67.19 ~~salary. For service in excess of eight years rendered before the beginning of the 1979~~
67.20 ~~legislative session, and for service rendered after the beginning of the 1979 legislative~~
67.21 ~~session, Unless the former legislator has legislative service before January 1, 1979, the~~
67.22 ~~retirement allowance is an amount equal to 2-1/2 percent per year of service of that~~
67.23 ~~member's average monthly salary-~~

67.24 ~~(c) This paragraph applies to members of the legislature who terminate service as~~
5 ~~a legislator after June 30, 1997. The retirement allowance is an amount equal to the~~
67.26 ~~applicable rate or rates under paragraph (b) per year of service of the member's average~~
67.27 ~~monthly salary and adjusted for that person on an actuarial equivalent basis to reflect the~~
67.28 ~~change in the postretirement interest rate actuarial assumption under section 356.215,~~
67.29 ~~subdivision 8, from five percent to six percent. The adjustment must be calculated by or,~~
67.30 ~~alternatively, the adjustment procedure must be specified by, the actuary retained by the~~
67.31 ~~Legislative Commission on Pensions and Retirement under section 356.214. The purpose~~
67.32 ~~of this adjustment is to ensure that the total amount of benefits that the actuary predicts~~
67.33 ~~an individual member will receive over the member's lifetime under this paragraph will~~
4 ~~be the same as the total amount of benefits the actuary predicts the individual member~~
67.35 ~~would receive over the member's lifetime under the law in effect before enactment of this~~
67.36 ~~paragraph. If the former legislator has legislative service before January 1, 1979, the~~

68.1 person's benefit must include the additional benefit amount in effect on January 1,1979,
68.2 and adjusted as otherwise provided in this paragraph.

68.3 ~~(d)~~ (c) The retirement allowance accrues beginning with the first day of the month
68.4 of receipt of the application, but not before age 60, and for the remainder of the former
68.5 legislator's life, if the former legislator is not serving as a member of the legislature or as a
68.6 constitutional officer ~~or commissioner~~ as defined in section 352C.021, subdivisions 2 and
68.7 ~~3~~ 3A.01, subdivision 1c. The annuity does not begin to accrue ~~prior to~~ before the person's
68.8 retirement as a legislator. No annuity payment may be made retroactive for more than 180
68.9 days before the date that the annuity application is filed with the director.

68.10 ~~(e)~~ (d) Any member who has served during all or part of four regular sessions is
68.11 considered to have served eight years as a member of the legislature.

68.12 ~~(f)~~ (e) The retirement allowance ceases with the last payment that accrued to the
68.13 retired legislator during the retired legislator's lifetime, except that the surviving spouse, if
68.14 any, is entitled to receive the retirement allowance of the retired legislator for the calendar
68.15 month in which the retired legislator died.

68.16 Sec. 14. Minnesota Statutes 2004, section 3A.02, subdivision 1b, is amended to read:

68.17 Subd. 1b. **Reduced retirement allowance.** (a) Upon separation from service after
68.18 the beginning of the 1981 legislative session, a former member of the legislature who has
68.19 attained the age set by the board of directors of the Minnesota State Retirement System
68.20 and who is otherwise qualified ~~in accordance with~~ under subdivision 1 is entitled, upon
68.21 making written application on ~~forms supplied~~ a form prescribed by the director, to a
68.22 reduced retirement allowance ~~in~~. The reduced retirement allowance is an amount equal
68.23 to the retirement allowance specified in subdivision 1, paragraph (b), that is reduced so
68.24 that the reduced annuity allowance is the actuarial equivalent of the annuity allowance
68.25 that would be payable if the former member of the legislature deferred receipt of the
68.26 annuity allowance and the annuity allowance amount were ~~was~~ augmented at an annual
68.27 rate of three percent compounded annually from the date the annuity allowance begins to
68.28 accrue until age 62.

68.29 (b) The age set by the board of directors under paragraph (a) cannot be ~~less~~ an earlier
68.30 age than the early retirement age under section 352.116, subdivision 1a.

68.31 (c) If there is an actuarial cost to the plan of resetting the early retirement age under
68.32 paragraph (a), the retired legislator is required to pay an additional amount to cover the
68.33 full actuarial value. The additional amount must be paid in a lump sum within 30 days of
68.34 the certification of the amount by the executive director.

69.1 (d) The executive director of the Minnesota State Retirement System shall report
69.2 to the Legislative Commission on Pensions and Retirement on the utilization of this
69.3 provision annually on or before September 1, ~~2000~~.

Sec. 15. Minnesota Statutes 2004, section 3A.02, subdivision 3, is amended to read:

69.5 Subd. 3. **Appropriation.** The amounts required for payment of retirement
69.6 allowances provided by this section are appropriated annually to the director from the
69.7 participation of the legislators retirement plan in the Minnesota postretirement investment
69.8 fund ~~and shall~~. The retirement allowance must be paid monthly to the recipients entitled
69.9 ~~thereto~~ to those retirement allowances.

69.10 Sec. 16. Minnesota Statutes 2004, section 3A.02, subdivision 4, is amended to read:

69.11 Subd. 4. **Deferred annuities augmentation.** (a) The deferred ~~annuity~~ retirement
69.12 allowance of any former legislator must be augmented as provided herein.

69.13 (b) The required reserves applicable to the deferred annuity retirement allowance,
69.14 determined as of the date the benefit begins to accrue using an appropriate mortality table
69.15 and an interest assumption of six percent, must be augmented from the first of the month
69.16 following the termination of active service, or July 1, 1973, whichever is later, to the
69.17 first day of the month in which the annuity allowance begins to accrue, at the following
69.18 annually compounded rate of five percent per annum compounded annually until January
69.19 1, 1981, and thereafter at the rate of three percent per annum compounded annually until
69.20 January 1 of the year in which the former legislator attains age 55. From that date to the
69.21 effective date of retirement, the rate is five percent compounded annually. or rates:

69.22 (1) five percent until January 1, 1981;

69.23 (2) three percent from January 1, 1981, or from the first day of the month following
69.24 the termination of active service, whichever is later, until January 1 of the year in which
69.25 the former legislator attains age 55; and

69.26 (3) five percent from the period end date under clause (2) to the effective date of
69.27 retirement.

69.28 (b) ~~The retirement allowance of, or the survivor benefit payable on behalf of, a~~
69.29 ~~former member of the legislature who terminated service before July 1, 1997, which is~~
69.30 ~~not first payable until after June 30, 1997, must be increased on an actuarial equivalent~~
69.31 ~~basis to reflect the change in the postretirement interest rate actuarial assumption under~~
69.32 ~~section 356.215, subdivision 8, from five percent to six percent under a calculation~~
69.33 ~~procedure and tables adopted by the board of directors of the Minnesota State Retirement~~
69.34 ~~System and approved by the actuary retained by the Legislative Commission on Pensions~~
69.35 ~~and Retirement.~~

70.1 Sec. 17. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

70.2 Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional
70.3 retirement annuity in the form of a joint and survivor annuity and an optional retirement
70.4 annuity in the form of a period certain and life thereafter. Except as provided in paragraph
70.5 (b), these optional annuity forms must be actuarially equivalent to the normal ~~annuity~~
70.6 allowance computed under this section, plus the actuarial value of any surviving spouse
70.7 benefit otherwise potentially payable at the time of retirement under section 3A.04,
70.8 subdivision 1. An individual selecting an optional annuity under this subdivision ~~waives~~
70.9 and the person's spouse waive any rights to surviving spouse benefits under section 3A.04,
70.10 subdivision 1.

70.11 (b) If a retired legislator selects the joint and survivor annuity option, the retired
70.12 legislator must receive a normal single-life ~~annuity allowance~~ if the designated optional
70.13 annuity beneficiary dies before the retired legislator and no reduction may be made in the
70.14 annuity to provide for restoration of the normal single-life ~~annuity allowance~~ in the event
70.15 of the death of the designated optional annuity beneficiary.

70.16 (c) The surviving spouse of a legislator who has attained at least age 60 and who dies
70.17 while a member of the legislature may elect an optional joint and survivor annuity under
70.18 paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

70.19 Sec. 18. Minnesota Statutes 2004, section 3A.03, subdivision 1, is amended to read:

70.20 Subdivision 1. **Percentage.** (a) Every member of the legislature shall contribute
70.21 nine percent of total salary;

70.22 (b) The contribution must be made by payroll deduction, to and must be paid into
70.23 the state treasury and deposited in the general fund. ~~It shall be the duty of~~

70.24 (c) The director to must record the periodic contributions of each member of the
70.25 legislature and must credit ~~such each~~ contribution to the member's account.

70.26 Sec. 19. Minnesota Statutes 2004, section 3A.03, subdivision 2, is amended to read:

70.27 Subd. 2. **Refund.** (a) A former member who has made contributions under
70.28 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon
70.29 written application to the executive director on a form prescribed by the executive director,
70.30 a refund from the general fund of all contributions credited to the member's account with
70.31 interest computed as provided in section 352.22, subdivision 2.

70.32 (b) The refund of contributions as provided in paragraph (a) terminates all rights
70.33 of a former member of the legislature and the survivors of the former member under
70.34 this chapter.

71.1 (c) If the former member of the legislature again becomes a member of the
 71.2 legislature after having taken a refund as provided in paragraph (a), the member ~~must be~~
 71.3 ~~considered is a new member of this plan~~ the unclassified employees retirement program of
 71.4 the Minnesota State Retirement System.

71.5 (d) However, the member may reinstate the rights and credit for service previously
 71.6 forfeited under this chapter if the member repays all refunds taken, plus interest at an
 71.7 annual rate of 8.5 percent compounded annually from the date on which the refund was
 71.8 taken to the date on which the refund is repaid.

71.9 ~~(d)~~ (e) No person may be required to apply for or to accept a refund.

71.10 Sec. 20. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

71.11 Subdivision 1. **Surviving spouse.** (a) Upon the death of a member of the legislature
 71.12 while serving as ~~such a member after June 30, 1973,~~ or upon the death of a former member
 71.13 of the legislature with at least ~~the number of six full~~ years of service as required by section
 71.14 3A.02, subdivision 1, clause (1) or service in all or part of four regular legislative sessions,
 71.15 the surviving spouse ~~shall be paid~~ is entitled to a survivor benefit ~~in the amount of .~~

71.16 (b) The surviving spouse benefit is one-half of the retirement allowance of the
 71.17 member of the legislature computed as though the member were at least normal retirement
 71.18 age on the date of death and based upon the member's allowable service or upon eight
 71.19 years, whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if
 71.20 applicable, ~~shall~~ must be applied for the period up to, and including, the month of death.

71.21 (c) Upon the death of a former legislator receiving a retirement allowance, the
 71.22 surviving spouse ~~shall be~~ is entitled to one-half of the amount of the retirement allowance
 71.23 being paid to the legislator. ~~Such~~

71.24 (d) The surviving spouse benefit ~~shall be paid during~~ is payable for the lifetime
 71.25 of the surviving spouse.

71.26 Sec. 21. Minnesota Statutes 2004, section 3A.04, subdivision 2, is amended to read:

71.27 Subd. 2. **Dependent children.** (a) Upon the death of a member of the legislature
 71.28 while serving as a member, or upon the death of a former member of the legislature who
 71.29 has rendered at least ~~the number of six full~~ years of service as required by section 3A.02,
 71.30 subdivision 1, clause (1) or service in all or part of four regular legislative sessions and
 71.31 who was not receiving a retirement allowance, each dependent child of the member or
 71.32 former legislator ~~shall be~~ is entitled to receive a survivor benefit in the following amount:

71.33 (1) for the first dependent child, a monthly allowance which equals benefit equal to
 71.34 25 percent of the monthly retirement allowance of the member of the legislature or the
 71.35 former legislator computed as though the member or the former legislator had attained at

72.1 least the normal retirement age on the date of death and based upon the average monthly
 72.2 salary as of the date of death or as of the date of termination, whichever ~~is applicable~~
 72.3 applies, and the member's allowable service or eight years, whichever is greater;

72.4 (2) for each additional dependent child, a monthly ~~allowance which equals benefit~~
 72.5 equal to 12-1/2 percent of the monthly retirement allowance of the member or the former
 72.6 legislator computed as provided in the case of the first child clause (1); but and

72.7 (3) the total amount paid to the surviving spouse and to the dependent child or
 72.8 children shall may not exceed, in any one month, 100 percent of the monthly retirement
 72.9 allowance of the member or of the former legislator computed as provided in the case of
 72.10 the first child clause (1).

72.11 (b) The augmentation provided in section 3A.02, subdivision 4, if applicable,
 72.12 ~~shall be applied~~ applies from the first day of the month next following the date of the
 72.13 termination of the person from service as a member of the legislature to the month of
 72.14 the death of the person.

72.15 (c) Upon the death of a former legislator who was receiving a retirement allowance,
 72.16 ~~the a~~ a surviving dependent child shall be is entitled to the applicable percentage specified
 72.17 above in paragraph (a), clause (1) or (2), whichever applies, of the amount of the
 72.18 allowance which was paid to the former legislator for the month immediately ~~prior to~~
 72.19 before the date of death of the former legislator.

72.20 (d) The payments for dependent children ~~shall~~ must be made to the surviving spouse
 72.21 or to the guardian of the estate of the dependent children, if there is one.

72.22 Sec. 22. Minnesota Statutes 2004, section 3A.04, subdivision 3, is amended to read:

72.23 Subd. 3. **Payment.** The surviving ~~spouse's~~ spouse and dependent ~~children's~~ child
 72.24 or children survivor benefits payable under this section ~~shall be paid~~ are payable by the
 72.25 director monthly in the same manner as retirement allowances are authorized to be paid
 72.26 by this chapter.

72.27 Sec. 23. Minnesota Statutes 2004, section 3A.04, subdivision 4, is amended to read:

72.28 Subd. 4. **Death refunds.** (a) Upon the death of a member of the legislature or
 72.29 of a former legislator who was not receiving a retirement allowance; without leaving
 72.30 either a surviving spouse or a dependent child or dependent children, the last designated
 72.31 beneficiary named on a form that was filed with the director before the death of the
 72.32 legislator, or if no designation is filed, the estate of the member or the former legislator,
 72.33 upon application, ~~shall be~~ is entitled to a refund.

72.34 (b) The refund is the amount of contributions credited to the person's account plus
 72.35 interest as provided in section 3A.03, subdivision 2, ~~clause (2)~~ paragraph (a).

73.1 Sec. 24. Minnesota Statutes 2004, section 3A.04, is amended by adding a subdivision
73.2 to read:

73.3 Subd. 5. Appropriation. The survivor benefits and the death refunds authorized by
73.4 this section are appropriated to the director from the general fund when they are due and
payable.

73.6 Sec. 25. Minnesota Statutes 2004, section 3A.05, is amended to read:

73.7 **3A.05 APPLICATION FOR SURVIVOR BENEFIT.**

73.8 (a) Applications for survivor benefits ~~pursuant to~~ under section 3A.04 ~~shall~~ must be
73.9 filed with the director by the surviving spouse and dependent child or children entitled
73.10 to benefits ~~pursuant to~~ under section 3A.04, or by the guardian of the estate, if there is
73.11 one, of the dependent child or children.

73.12 (b) Survivor benefits ~~shall~~ accrue as of the first day of the month following the death
73.13 of the member of the legislature or former legislator and payments ~~shall~~ commence as
73.14 of the first of the month next following the filing of the application, and ~~shall be~~ are
73.15 retroactive to the date the benefit accrues; ~~provided, however, that no payment shall be~~
73.16 ~~retroactive for more than~~ or the first of the month occurring 12 months prior to before the
73.17 month in which the application is filed with the director, whichever is earlier.

73.18 Sec. 26. Minnesota Statutes 2004, section 3A.07, is amended to read:

73.19 **3A.07 APPLICATION.**

73.20 (a) Except as provided in paragraph (b), this chapter applies to members of the
73.21 legislature in service after July 1, 1965, who otherwise meet the requirements of this
73.22 chapter.

73.23 (b) Members of the legislature who were elected for the first time after June 30,
73.24 1997, or members of the legislature who were elected before July 1, 1997, and who, after
73.25 July 1, 1998, elect not to be members of the plan established by this chapter are covered
73.26 by the unclassified employees retirement program governed by chapter 352D.

73.27 (c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable
73.28 and must be made on a form prescribed by the director. The second chance referendum
73.29 election under Laws 2002, chapter 392, article 15, also is irrevocable.

73.30 Sec. 27. Minnesota Statutes 2004, section 3A.10, subdivision 1, is amended to read:

73.31 Subdivision 1. **Service credit for legislative term.** (a) In the case of a member of
73.32 the house of representatives, one full term of office ~~shall~~ must be considered two full years
73.33 of service, notwithstanding the fact that the oath of office ~~may be~~ was taken on different
73.34 days each biennium.

74.1 (b) In the case of a member of the senate, one full term of office ~~shall~~ must be
 74.2 considered four full years of service, notwithstanding the fact that the oath of office ~~may~~
 74.3 ~~be~~ was taken on different days at the start of each term.

74.4 (c) For purposes of this chapter, a legislative term ~~shall~~ must be deemed to
 74.5 commence on January ~~1st~~ 1 and to end on December ~~31st~~ 31.

74.6 Sec. 28. Minnesota Statutes 2004, section 3A.12, is amended to read:

74.7 **3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR**
 74.8 **ASSOCIATION.**

74.9 Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been ~~an~~
 74.10 ~~employee covered by a member of a retirement plan listed in paragraph (b) is entitled,~~
 74.11 when otherwise qualified, to a retirement allowance or annuity from each plan if the total
 74.12 allowable service in all plans or in any two of these plans totals ten or more years.

74.13 (b) This section applies to any retirement plan or program administered by the
 74.14 Minnesota State Retirement System, or a member of any retirement plan administered
 74.15 by the Public Employees Retirement Association, including the Public Employees
 74.16 Retirement Association police and fire fund, or the Teachers Retirement Association, or
 74.17 the Minneapolis employees retirement fund plan, or the State Patrol retirement fund
 74.18 plan, or any other public employee retirement system in the state of Minnesota having a
 74.19 like provision but excluding all.

74.20 (c) This section does not apply to other funds retirement plans providing benefits for
 74.21 police or firefighters, shall be entitled when qualified to an annuity from each fund if the
 74.22 total allowable service for which the legislator has credit in all funds or in any two of these
 74.23 funds totals ten or more years, provided.

74.24 (d) No portion of the allowable service upon which the retirement annuity from one
 74.25 fund plan is based is again used in the computation for benefits from another fund plan.
 74.26 The annuity from each fund shall plan must be determined by the appropriate provisions
 74.27 of the law, except that the requirement that a person must have at least ten a minimum
 74.28 number of years of allowable service in the respective system or association shall does not
 74.29 apply for the purposes of this section provided if the combined service in two or more
 74.30 of these funds plans equals ten or more years. The augmentation of deferred annuities
 74.31 provided in section 3A.02, subdivision 4, shall apply applies to the annuities accruing
 74.32 hereunder under this section.

74.33 Subd. 2. **Refund repayment.** ~~Any~~ A former legislator who has received a refund as
 74.34 provided in section 3A.03, subdivision 2, who is a currently contributing member of a
 74.35 retirement ~~fund~~ plan specified in subdivision 1, paragraph (b), may repay the refund as
 74.36 provided in section 3A.03, subdivision 2. ~~Any~~ A member of the legislature who has

75.1 received a refund from any of the ~~funds~~ retirement plans specified in subdivision 1; may
 75.2 repay the refund to the respective ~~fund~~ plan under such terms and conditions consistent
 75.3 with the law governing ~~such fund~~ the retirement plan if the law governing ~~such fund~~ the
 75.4 plan permits the repayment of refunds. If the total amount to be repaid, including principal
 and interest exceeds \$2,000, repayment maybe made in three equal installments over a
 75.6 period of 18 months, with the interest accrued during the period of the repayment added
 75.7 to the final installment.

75.8 Sec. 29. Minnesota Statutes 2004, section 3A.13, is amended to read:

75.9 **3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH**
 75.10 **PREMIUM DEDUCTION.**

75.11 (a) The provisions of section 352.15 ~~shall~~ apply to the legislators retirement plan,
 75.12 chapter 3A.

75.13 (b) The executive director of the Minnesota State Retirement System must, at the
 75.14 request of a retired legislator who is enrolled in a health insurance plan covering state
 .5 employees, deduct the person's health insurance premiums from the person's annuity and
 75.16 transfer the amount of the premium to a health insurance carrier covering state employees.

75.17 Sec. 30. **[352C.001] RETIREMENT PLAN; APPLICATION.**

75.18 (a) The retirement plan applicable to a former constitutional officer who was first
 75.19 elected to a constitutional office after July 1, 1967, and before July 1, 1997, is the
 75.20 applicable portions of this chapter and chapter 356 in effect on the date on which the
 75.21 person terminated active service as a constitutional officer.

75.22 (b) Nothing in this section or section 31 or 34, subdivision 2, is intended to reduce
 75.23 the benefits of former constitutional officers or to adversely modify their eligibility for
 75.24 benefits in effect as of the day before the effective date of this section.

75.25 Sec. 31. Minnesota Statutes 2004, section 352C.091, subdivision 1, is amended to read:

75.26 Subdivision 1. **Administrative agency and standards.** ~~This chapter~~ (a) The elected
 75.27 officers retirement plan must be administered by the board of directors and the executive
 75.28 director of the Minnesota State Retirement System.

75.29 (b) The elected state officers retirement plan must be administered consistent with
 75.30 ~~this chapter~~ the applicable statutory provisions governing the plan and chapters 356 and
 75.31 356A.

75.32 Sec. 32. Minnesota Statutes 2004, section 352C.10, is amended to read:

75.33 **352C.10 BENEFIT ADJUSTMENTS.**

4 Retirement allowances payable to retired constitutional officers ~~pursuant to section~~
 75.35 ~~352C.031~~ and surviving spouse benefits payable ~~pursuant to section 352C.04, shall~~ must

76.1 be adjusted in the same manner, at the same times and in the same amounts as are benefits
76.2 payable from the Minnesota postretirement investment fund to retirees of a participating
76.3 public pension fund.

76.4 Sec. 33. Minnesota Statutes 2004, section 352D.02, subdivision 1, is amended to read:

76.5 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
76.6 (3), (4), and (6) to (14), if they are in the unclassified service of the state or Metropolitan
76.7 Council and are eligible for coverage under the general state employees retirement plan
76.8 under chapter 352, are participants in the unclassified plan under this chapter unless the
76.9 employee gives notice to the executive director of the Minnesota State Retirement System
76.10 within one year following the commencement of employment in the unclassified service
76.11 that the employee desires coverage under the general state employees retirement plan.
76.12 For the purposes of this chapter, an employee who does not file notice with the executive
76.13 director is deemed to have exercised the option to participate in the unclassified plan.

76.14 (b) Persons referenced in paragraph (c), ~~clauses (1) and~~ clause (5), are participants
76.15 in the unclassified program under this chapter unless the person ~~is~~ was eligible to elect
76.16 different coverage under section 3A.07 ~~or 352C.011~~ and, ~~after July 1, 1998, elects~~ elects
76.17 retirement coverage by the applicable alternative retirement plan. Persons referenced
76.18 in paragraph (c), clause (15), are participants in the unclassified program under this
76.19 chapter for judicial employment in excess of the service credit limit in section 490.121,
76.20 subdivision 22.

76.21 (c) Enumerated employees and referenced persons are:

76.22 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
76.23 and the attorney general;

76.24 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
76.25 of State, State Auditor, Attorney General;

76.26 (3) an employee of the State Board of Investment;

76.27 (4) the head of a department, division, or agency created by statute in the unclassified
76.28 service, an acting department head subsequently appointed to the position, or an employee
76.29 enumerated in section 15A.0815 or 15A.083, subdivision 4;

76.30 (5) a member of the legislature;

76.31 (6) a full-time unclassified employee of the legislature or a commission or agency of
76.32 the legislature who is appointed without a limit on the duration of the employment or a
76.33 temporary legislative employee having shares in the supplemental retirement fund as a
76.34 result of former employment covered by this chapter, whether or not eligible for coverage
76.35 under the Minnesota State Retirement System;

77.1 (7) a person who is employed in a position established under section 43A.08,
 77.2 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
 77.3 a department or agency of the state, which is at the deputy or assistant head of department
 77.4 or agency or director level;

77.5 (8) the regional administrator, or executive director of the Metropolitan Council,
 77.6 general counsel, division directors, operations managers, and other positions as designated
 77.7 by the council, all of which may not exceed 27 positions at the council and the chair;

77.8 (9) the executive director, associate executive director, and not to exceed nine
 77.9 positions of the Higher Education Services Office in the unclassified service, as designated
 77.10 by the Higher Education Services Office before January 1, 1992, or subsequently
 77.11 redesignated with the approval of the board of directors of the Minnesota State Retirement
 77.12 System, unless the person has elected coverage by the individual retirement account
 77.13 plan under chapter 354B;

77.14 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
 77.15 Constitution of the state of Minnesota;

77.16 (11) the chief executive officers of correctional facilities operated by the Department
 77.17 of Corrections and of hospitals and nursing homes operated by the Department of Human
 77.18 Services;

77.19 (12) an employee whose principal employment is at the state ceremonial house;

77.20 (13) an employee of the Minnesota Educational Computing Corporation;

77.21 (14) an employee of the State Lottery who is covered by the managerial plan
 77.22 established under section 43A.18, subdivision 3; and

77.23 (15) a judge who has exceeded the service credit limit in section 490.121,
 77.24 subdivision 22.

77.25 **Sec. 34. REPEALER; EFFECT ON BENEFIT COVERAGE.**

77.26 **Subdivision 1. Legislators retirement plan; repealed as obsolete. Minnesota**
 77.27 **Statutes 2004, sections 3A.01, subdivisions 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04,**
 77.28 **subdivision 1a; and 3A.09, are repealed.**

77.29 **Subd. 2. Elective state officers retirement plan; repealed as obsolete. Minnesota**
 77.30 **Statutes 2004, sections 352C.01; 352C.011; 352C.021, subdivisions 1, 2, 3, 4, 5, 6, and**
 77.31 **7; 352C.031, subdivisions 1, 2, 4, 5, and 6; 352C.033; 352C.04; 352C.051; 352C.09;**
 77.32 **and 352C.091, subdivisions 2 and 3, and Minnesota Statutes 2005 Supplement, section**
 77.33 **352C.021, subdivision 1a, are repealed.**

77.34 **Sec. 35. EFFECTIVE DATE.**

77.35 **Sections 1 to 34 are effective July 1, 2006.**

ARTICLE 12

JUDGES RETIREMENT PLAN AND

BOARD ON JUDICIAL STANDARDS RECODIFICATION

Section 1. Minnesota Statutes 2004, section 490.121, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 490.121 to 490.132, unless the context clearly indicates otherwise, each of the terms defined in this section have has the meanings meaning given them unless the context clearly indicates otherwise it.

Sec. 2. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 2a. 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.

Sec. 3. Minnesota Statutes 2005 Supplement, section 490.121, subdivision 4, is amended to read:

Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, or during which the judge received compensation for that service from the state, municipality, or county, whichever applies, and for which the judge made any required member contribution. It also includes any month served as a referee in probate for all referees in probate who were in office prior to before January 1, 1974.

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus annual compound interest at the rate of 8.5 percent from the date of the termination of the leave to the date on which payment is made. The payment must be made within one year of the date on

79.1 which the authorized leave of absence terminated. Service credit for an authorized leave
79.2 of absence is in addition to a uniformed service leave under section 490.1211.

79.3 (c) "Allowable service" does not mean service as a retired judge.

Sec. 4. Minnesota Statutes 2004, section 490.121, subdivision 6, is amended to read:

79.5 Subd. 6. **Annuity.** "Annuity" means the payments that are made each year to an
79.6 annuitant from the judges' retirement fund, pursuant to the provisions of under sections
79.7 490.121 to 490.132.

79.8 Sec. 5. Minnesota Statutes 2004, section 490.121, subdivision 7, is amended to read:

79.9 Subd. 7. **Annuitant.** "Annuitant" means a former judge, a surviving spouse, or a
79.10 dependent child who is entitled to and is receiving an annuity under the provisions of
79.11 sections 490.121 to 490.132.

79.12 Sec. 6. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
79.13 to read:

79.14 Subd. 7a. **Approved actuary.** "Approved actuary" means an actuary as defined in
79.15 section 356.215, subdivision 1, paragraph (c).

79.16 Sec. 7. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
79.17 to read:

79.18 Subd. 7b. **Court.** "Court" means any court of this state that is established by the
79.19 Minnesota Constitution.

79.20 Sec. 8. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
79.21 to read:

79.22 Subd. 7c. **Dependent surviving child.** "Dependent surviving child" means any
79.23 natural or adopted child of a deceased judge who has not reached the age of 18 years, or
79.24 having reached the age of 18, is under age 22 and who is a full-time student throughout
79.25 the normal school year, is unmarried, and is actually dependent for more than one-half of
79.26 the child's support upon the judge for a period of at least 90 days before the judge's death.
79.27 It also includes any natural child of the judge who was born after the death of the judge.

79.28 Sec. 9. Minnesota Statutes 2004, section 490.121, subdivision 13, is amended to read:

79.29 Subd. 13. **Disability.** "Disability" means the permanent inability of a judge to
79.30 continue to perform the functions of judge by reason of a physical or mental impairment
79.31 resulting from a sickness or an injury.

79.32 Sec. 10. Minnesota Statutes 2004, section 490.121, subdivision 14, is amended to read:

79.33 Subd. 14. **Disability retirement date.** "Disability retirement date" means the last
79.34 day of the first month after the date on which the governor determines, upon receipt of the
79.35 voluntary application by the judge or otherwise, that a judge suffers from a disability.

80.1 Sec. 11. Minnesota Statutes 2004, section 490.121, subdivision 15, is amended to read:

80.2 Subd. 15. **Disability retirement annuity.** "Disability retirement annuity" means an
80.3 annuity to which a judge is entitled under section 490.124, subdivisions 1 and 4, after the
80.4 retirement for reason of the judge because of a disability.

80.5 Sec. 12. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.6 to read:

80.7 Subd. 15a. **Early retirement date.** "Early retirement date" means the last day of
80.8 the month after a judge attains the age of 60 but before the judge reaches the normal
80.9 retirement date.

80.10 Sec. 13. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.11 to read:

80.12 Subd. 15b. **Early retirement annuity.** "Early retirement annuity" means an annuity
80.13 to which a judge is entitled under section 490.124, subdivisions 1 and 3, upon retirement
80.14 by the judge at an early retirement date.

80.15 Sec. 14. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.16 to read:

80.17 Subd. 21a. **Judge.** "Judge" means a judge or a justice of any court as defined under
80.18 subdivision 7b.

80.19 Sec. 15. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.20 to read:

80.21 Subd. 21b. **Judges' retirement fund; retirement fund; fund.** "Judges' retirement
80.22 fund," "retirement fund," or "fund" means the fund created by section 490.123.

80.23 Sec. 16. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.24 to read:

80.25 Subd. 21c. **Mandatory retirement date.** "Mandatory retirement date" means the
80.26 last day of the month in which a judge has attained 70 years of age.

80.27 Sec. 17. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.28 to read:

80.29 Subd. 21d. **Normal retirement annuity.** Except as otherwise provided in sections
80.30 490.121 to 490.132, "normal retirement annuity" means an annuity to which a judge is
80.31 entitled under section 490.124, subdivision 1, upon retirement on or after the normal
80.32 retirement date of the judge.

80.33 Sec. 18. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
80.34 to read:

80.35 Subd. 21e. **Normal retirement date.** "Normal retirement date" means the last day
80.36 of the month in which a judge attains the age of 65.

81.1 Sec. 19. Minnesota Statutes 2004, section 490.121, subdivision 22, is amended to read:

81.2 Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1)
81.3 24 years of allowable service under this chapter 490; or (2) for judges with allowable
81.4 service rendered ~~prior to~~ before July 1, 1980, the number of years of allowable service
under chapter 490, which, when multiplied by the percentage listed in section 356.315,
81.6 subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

81.7 Sec. 20. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
81.8 to read:

81.9 Subd. 23. **Surviving spouse.** "Surviving spouse" means the surviving legally
81.10 married spouse of a deceased judge.

81.11 Sec. 21. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
81.12 to read:

81.13 Subd. 24. **Survivor's annuity.** "Survivor's annuity" means an annuity to which a
81.14 surviving spouse or dependent child is entitled under section 490.124, subdivision 9.

81.15 Sec. 22. Minnesota Statutes 2004, section 490.122, is amended to read:

81.16 **490.122 ADMINISTRATION OF JUDGES' RETIREMENT.**

81.17 Subdivision 1. **Administration.** The policy-making, management, and
81.18 administrative functions governing the operation of the judges' retirement fund and the
81.19 administration of ~~sections 490.121 to 490.132~~ this chapter are vested in the board of
81.20 directors and executive director of the Minnesota State Retirement System ~~with such.~~ In
81.21 administering the plan and fund, the board and the director have the same duties, authority,
81.22 and responsibility as are provided in chapter 352.

81.23 Subd. 2. **Inapplicability of certain laws.** Except as otherwise specified, no
81.24 provision of chapter 352 applies to the judges' retirement fund or any judge.

5 Subd. 3. **Fiduciary responsibility.** Fiduciary activities ~~of relating to the uniform~~
81.26 judges' retirement and Survivors' Annuities for Judges plan must be undertaken in a
81.27 manner consistent with chapter 356A.

81.28 Sec. 23. Minnesota Statutes 2004, section 490.123, subdivision 1, is amended to read:

81.29 Subdivision 1. **Fund creation; revenue and authorized disbursements.** (a) There
81.30 is created a special fund to be known as the "judges' retirement fund."

81.31 (b) The judges' retirement fund must be credited with all contributions; all interest,
81.32 dividends, and other investment proceeds; and all other income authorized by this chapter
81.33 or other applicable law.

4 (c) From this fund there are appropriated the payments authorized by sections
81.35 490.121 to 490.132, in the amounts and at the times provided, including the necessary and

82.1 reasonable expenses of the Minnesota State Retirement System in administering the fund
82.2 and the transfers to the Minnesota postretirement investment fund.

82.3 Sec. 24. Minnesota Statutes 2004, section 490.123, subdivision 1a, is amended to read:

82.4 Subd. 1a. **Member contribution rates.** (a) A judge who is covered by the federal
82.5 Old Age, Survivors, Disability, and Health Insurance Program and whose service does not
82.6 exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the
82.7 fund from each salary payment a sum equal to 8.00 percent of salary.

82.8 ~~(b) A judge not so covered whose service does not exceed the service credit limit in~~
82.9 ~~section 490.121, subdivision 22, shall contribute to the fund from each salary payment a~~
82.10 ~~sum equal to 8.15 percent of salary.~~

82.11 ~~(c)~~ The contribution under this subdivision is payable by salary deduction.

82.12 The deduction must be made by the state court administrator under section 352.04,
82.13 subdivisions 4, 5, and 8.

82.14 Sec. 25. Minnesota Statutes 2004, section 490.123, subdivision 1b, is amended to read:

82.15 Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the
82.16 fund on behalf of a judge is 20.5 percent of salary and. The employer obligation continues
82.17 after a judge exceeds the service credit limit in section 490.121, subdivision 22.

82.18 (b) The employer contribution must be paid by the state court administrator and.
82.19 The employer contribution is payable at the same time as member contributions are made
82.20 under subdivision 1a or as employee contributions are made to the unclassified plan in
82.21 program governed by chapter 352D for judges whose service exceeds the limit in section
82.22 490.121, subdivision 22, are remitted.

82.23 Sec. 26. Minnesota Statutes 2004, section 490.123, subdivision 1c, is amended to read:

82.24 Subd. 1c. **Additional employer contribution.** ~~In the event that~~ If the employer
82.25 contribution under subdivision 1b and the assets of the judges retirement fund are
82.26 insufficient to meet reserve transfers to the Minnesota postretirement investment fund
82.27 or payments of survivor benefits ~~before July 1, 1993~~ in a month, the necessary amount
82.28 is appropriated from the general fund to the executive director of the Minnesota State
82.29 Retirement System, upon the certification of the required amount by the executive director
82.30 to the commissioner of finance.

82.31 Sec. 27. Minnesota Statutes 2004, section 490.123, subdivision 2, is amended to read:

82.32 Subd. 2. **Commissioner of finance.** The commissioner of finance ~~shall be~~ is the ex
82.33 officio treasurer of the judges' retirement fund ~~and the.~~ The commissioner's general bond
82.34 to the state ~~shall~~ must be ~~so~~ conditioned as to cover all liability for acting as the treasurer
82.35 of ~~this~~ the fund. All ~~moneys~~ money received by the commissioner ~~pursuant to~~ under this

83.1 section ~~shall~~ must be set aside in the state treasury to the credit of the judges' retirement
83.2 fund. ~~The commissioner shall transmit monthly to the executive director described in~~
83.3 ~~section 352.03, subdivision 5, a detailed statement of all amounts so received and credited~~
83.4 ~~to the fund. The commissioner shall pay out the fund only upon vouchers signed by said~~
83.5 ~~executive director, provided that vouchers for investment may be signed by the secretary~~
83.6 ~~of the State Board of Investment.~~

83.7 Sec. 28. Minnesota Statutes 2004, section 490.123, subdivision 3, is amended to read:

83.8 Subd. 3. **Investment.** (a) ~~The executive director referred to in subdivision 2 of the~~
83.9 Minnesota State Retirement System shall, from time to time, certify to the State Board
83.10 of Investment such portions of the judges' retirement fund as in the director's judgment
83.11 may not be required for immediate use.

83.12 (b) Assets from the judges' retirement fund ~~shall~~ must be transferred to the
83.13 Minnesota postretirement investment fund for retirement and disability benefits as
83.14 provided in sections 11A.18 and 352.119.

83.15 (c) The State Board of Investment shall thereupon invest and reinvest sums so
83.16 transferred, or certified, in such securities as are duly authorized legal investments for such
83.17 purposes under section 11A.24 in compliance with sections 356A.04 and 356A.06.

83.18 Sec. 29. Minnesota Statutes 2004, section 490.124, subdivision 1, is amended to read:

83.19 Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from
83.20 and after the mandatory retirement date, the normal retirement date, the early retirement
83.21 date, or one year from the disability retirement date, as the case may be, a retiring judge
83.22 is eligible to receive a retirement annuity ~~shall be payable to a retiring judge~~ from the
83.23 judges' retirement fund in.

83.24 (b) The retirement annuity is an amount equal to: (1) the percent specified in section
83.25 356.315, subdivision 7, multiplied by the judge's final average compensation with that
83.26 result then multiplied by the number of years and fractions of years of allowable service
83.27 rendered ~~prior to~~ before July 1, 1980; plus (2) the percent specified in section 356.315,
83.28 subdivision 8, multiplied by the judge's final average compensation with that result then
83.29 multiplied by the number of years and fractions of years of allowable service rendered
83.30 after June 30, 1980.

83.31 (c) Service that exceeds the service credit limit in section 490.121, subdivision 22,
83.32 must be excluded in calculating the retirement annuity, but the compensation earned by
83.33 the judge during this period of judicial service must be used in determining a judge's final
83.34 average compensation and calculating the retirement annuity.

83.35 Sec. 30. Minnesota Statutes 2004, section 490.124, subdivision 2, is amended to read:

84.1 Subd. 2. **Minimum service requirement; extension of term.** ~~No~~ (a) Unless section
 84.2 356.30 applies, a judge shall be is not eligible for an annuity at the normal retirement date
 84.3 or the early retirement date if the judge has less than five years of allowable service.

84.4 (b) A judge who shall retire retires on or, as permitted under sections 490.121 to
 84.5 490.132, after the judge's mandatory retirement date, shall be is entitled to a proportionate
 84.6 annuity based upon the allowable service of the judge at the date of retirement.

84.7 ~~A judge who was in office on December 31, 1973, and thereafter and who, by the~~
 84.8 ~~date on which the current term expires, would not be eligible to retire with full benefits~~
 84.9 ~~under statutes in effect on December 31, 1973, may apply to the governor for an extension~~
 84.10 ~~to serve up to three additional years, stating the intention of the judge to retire upon~~
 84.11 ~~attaining eligibility to receive a retirement allowance. Notwithstanding section 490.125,~~
 84.12 ~~the governor shall forthwith make a written order accepting the retirement application,~~
 84.13 ~~and extending the term of office of the judge for the period of time, not to exceed three~~
 84.14 ~~years, as may be necessary to make the judge eligible for retirement, solely for purposes~~
 84.15 ~~of computing benefits hereunder.~~

84.16 Sec. 31. Minnesota Statutes 2004, section 490.124, subdivision 3, is amended to read:

84.17 Subd. 3. **Early reduced retirement.** The retirement annuity ~~provided by under~~
 84.18 subdivision 1 of any judge electing who elects to retire at an early retirement date shall
 84.19 must be reduced by one-half of one percent per month from the retirement date to the
 84.20 normal retirement date.

84.21 Sec. 32. Minnesota Statutes 2004, section 490.124, subdivision 4, is amended to read:

84.22 Subd. 4. **Disability retirement.** (a) When the governor determines that a judge is
 84.23 disabled under section 490.121, subdivision 13, notice of the governor's determination
 84.24 must be sent to the judge, to the chief justice of the Supreme Court, to the state court
 84.25 administrator, and to the executive director of the Minnesota State Retirement System.

84.26 (b) From and after disability retirement date, a disabled judge shall be is entitled to
 84.27 continuation of the judge's full salary payable by the judge's employer, as if the judge's
 84.28 office were not vacated by retirement, for a period of up to one full year, but in no event
 84.29 beyond the judge's mandatory retirement date. During this year the judge will is entitled
 84.30 to earn additional service credit in the judges' retirement plan. The salary earned will be
 84.31 payable to a disabled judge is subject to retirement deductions and will must be included
 84.32 in computing final average compensation of the judge. Thereafter

84.33 (c) At the conclusion of the year of continued salary following a disability or
 84.34 upon the judge's mandatory retirement date, whichever is earlier, the disabled judge is
 84.35 entitled to a disability retirement annuity computed as provided in subdivision 1 shall be

85.1 ~~paid, provided that.~~ If the computed retirement annuity is a smaller amount, the judge
 85.2 ~~shall~~ is entitled to receive a minimum annuity of 25 percent of the judge's final average
 85.3 compensation.

Sec. 33. Minnesota Statutes 2004, section 490.124, subdivision 5, is amended to read:

85.5 Subd. 5. **Deferred benefits.** (a) ~~Any~~ A benefit to which a judge is entitled under this
 85.6 section may be deferred until the early or normal retirement date or later, notwithstanding
 85.7 the termination of such the judge's service prior thereto.

85.8 (b) The retirement annuity of, or the survivor benefit payable on behalf of, a former
 85.9 judge, who terminated service before July 1, 1997, which is not first payable until after
 85.10 June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in
 85.11 the postretirement interest rate actuarial assumption under section 356.215, subdivision
 85.12 8, from five percent to six percent under a calculation procedure and tables adopted by
 85.13 the board of directors of the Minnesota State Retirement System and approved by the
 4 actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under section
 85.15 356.214.

85.16 Sec. 34. Minnesota Statutes 2004, section 490.124, subdivision 8, is amended to read:

85.17 Subd. 8. **Exclusive normal retirement benefits.** ~~Any~~ (a) Except as provided in
 85.18 paragraph (b), a judge who retires after December 31, 1973, ~~shall be~~ is entitled to a
 85.19 retirement pension, retirement compensation or other retirement payment under statutes
 85.20 applicable solely to judges ~~pursuant to~~ under this section only, ~~except that any such~~ .

85.21 (b) A judge who was in office ~~prior to~~ before January 1, 1974, who retires at or after
 85.22 normal retirement age may then elect to receive during the judge's lifetime a normal
 85.23 retirement annuity computed on the basis of retirement compensation provided for such
 85.24 judge under statutes in effect on December 31, 1973, in lieu of the amount of normal
 85.25 retirement annuity otherwise computed under sections 490.121 to 490.132.

85.26 ~~For purposes of this subdivision, the Conciliation Court of the city of Duluth shall be~~
 85.27 ~~deemed to have been a court of record by the statutes in effect on December 31, 1973.~~

85.28 Sec. 35. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

85.29 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge ~~prior to~~ before
 85.30 retirement, or upon the death of a person who has qualified for an annuity under this
 85.31 section but who ceases to be a judge ~~prior to~~ before retirement and who has not received a
 85.32 refund of contributions ~~pursuant to~~ under subdivision 12, a surviving spouse is entitled
 85.33 to, or, if there be no surviving spouse, dependent children, ~~shall~~ are entitled to receive an
 85.34 annuity, payable monthly, equal in total to 60 percent of the normal retirement annuity

86.1 which would have been payable to the judge or former judge had the date of death been
86.2 the normal retirement date, ~~provided that the.~~

86.3 (b) The annuity payable to a surviving spouse or to dependent children shall receive
86.4 ~~an annuity~~ is an amount of not less than 25 percent of the judge's or the former judge's
86.5 final average compensation.

86.6 ~~If a judge, whose surviving spouse was not entitled to survivors benefits provided~~
86.7 ~~solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to~~
86.8 ~~retirement on or after May 23, 1973 and before January 1, 1974, a surviving spouse and~~
86.9 ~~dependent children, if any, shall be entitled to survivors benefits as provided hereunder as~~
86.10 ~~if such judge had died on January 1, 1974.~~

86.11 Sec. 36. Minnesota Statutes 2004, section 490.124, subdivision 10, is amended to read:

86.12 Subd. 10. **Prior survivors' benefits; limitation.** (a) Benefits provided pursuant
86.13 ~~to~~ under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.1091, for a
86.14 surviving spouse of a retired judge, payable after the death of the judge, ~~shall be~~ are
86.15 limited to:

86.16 ~~(a) spouses of judges who have retired prior to~~ before January 1, 1974, and .

86.17 ~~(b) spouses of judges in office on December 31, 1973 and thereafter who elect~~
86.18 ~~to continue contributions pursuant to section 490.102, subdivision 6 or 490.109. The~~
86.19 ~~contributions shall be in addition to contributions pursuant to section 490.123, and upon~~
86.20 ~~retirement the judge may not elect to receive any optional annuity pursuant to subdivision~~
86.21 ~~11 unless the judge and the spouse shall waive any benefits pursuant to section 490.102,~~
86.22 ~~subdivision 6 or 490.1091.~~

86.23 No other judge in office on or after January 1, 1974, ~~shall be~~ is required to contribute
86.24 ~~pursuant to~~ under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.109.

86.25 Sec. 37. Minnesota Statutes 2004, section 490.124, subdivision 11, is amended to read:

86.26 Subd. 11. **Limitation on survivor benefits; optional annuities.** (a) No survivor
86.27 or death benefits may be paid in connection with the death of a judge who retires after
86.28 December 31, 1973, except as otherwise provided in sections 490.121 to 490.132.

86.29 (b) Except as provided in subdivision 10, a judge may elect to receive, instead of
86.30 the normal retirement annuity, an optional retirement annuity in the form of either (1) an
86.31 annuity payable for a period certain and for life after that period, (2) a joint and survivor
86.32 annuity without reinstatement ~~in the event of~~ if the designated beneficiary ~~predeceasing~~
86.33 ~~predeceases~~ the retired judge, or (3) a joint and survivor annuity with reinstatement ~~in the~~
86.34 ~~event of~~ if the designated beneficiary ~~predeceasing~~ ~~predeceases~~ the retired judge.

87.1 (c) An optional retirement annuity must be actuarially equivalent to a single-life
87.2 annuity with no term certain and must be established by the board of directors of the
87.3 Minnesota State Retirement System. In establishing these optional retirement annuity
87.4 forms, the board shall obtain the written recommendation of the actuary retained by
87.5 ~~the Legislative Commission on Pensions and Retirement~~ under section 356.214. The
87.6 recommendations must be retained as a part of the permanent records of the board.

87.7 Sec. 38. Minnesota Statutes 2004, section 490.124, subdivision 12, is amended to read:

87.8 Subd. 12. **Refund.** (a) A person who ceases to be a judge ~~but who does not qualify~~
87.9 ~~for a retirement annuity or other benefit under section 490.121~~ is entitled to a refund in
87.10 an amount that is equal to all of the member's employee contributions to the judges'
87.11 retirement fund plus interest computed under section 352.22, subdivision 2.

87.12 (b) A refund of contributions under paragraph (a) terminates all service credits and
87.13 all rights and benefits of the judge and the judge's survivors under this chapter.

87.14 (c) A person who becomes a judge again after taking a refund under paragraph
87.15 (a) may reinstate the previously terminated allowable service credits credit, rights, and
87.16 benefits by repaying the total amount of the previously received refund. The refund
87.17 repayment must include interest on the total amount previously received at an annual rate
87.18 of 8.5 percent, compounded annually, from the date on which the refund was received
87.19 until the date on which the refund is repaid.

87.20 Sec. 39. Minnesota Statutes 2004, section 490.124, subdivision 13, is amended to read:

87.21 Subd. 13. **Death refund.** If a judge who has not received other benefits under this
87.22 chapter dies and there are no survivor benefits payable under this chapter, a refund plus
87.23 interest as provided in subdivision 12 is payable to the last designated beneficiary named
87.24 on a form filed with the director before the death of the judge, or, if no designation is on
87.25 file, the refund is payable to the estate of the deceased judge.

87.26 Sec. 40. Minnesota Statutes 2004, section 490.125, subdivision 1, is amended to read:

87.27 Subdivision 1. **Mandatory retirement age.** Except as otherwise provided in
87.28 sections 490.121 to 490.132, each a judge shall retire terminate active service as a judge
87.29 on the judge's mandatory retirement date.

87.30 Sec. 41. Minnesota Statutes 2004, section 490.125, subdivision 2, is amended to read:

87.31 Subd. 2. **Exception.** ~~Except as provided by sections 490.025, subdivision 3,~~
87.32 ~~490.102, subdivisions 3 and 3a and 490.12, subdivision 2,~~ Any judge in office on
87.33 December 31, 1973 who shall have attained 70 years of age on or prior to such date shall
87.34 retire upon the expiration of the term of office of such judge.

88.1 Sec. 42. Minnesota Statutes 2004, section 490.126, as amended by Laws 2005, First
88.2 Special Session chapter 8, article 10, section 79, is amended to read:

88.3 **490.126 PROCEDURES.**

88.4 Subdivision 1. **Compulsory retirement.** Proceedings for compulsory retirement
88.5 of a judge, if necessary, ~~shall~~ must be conducted in accordance with rules issued by the
88.6 Supreme Court ~~pursuant to~~ under section ~~490.16~~ 490A.02.

88.7 Subd. 2. **Vacancies.** Any judge may make written application to the governor for
88.8 retirement. The governor thereupon shall direct the judge's retirement by written order
88.9 which, when filed in the Office of the Secretary of State, ~~shall effect~~ effects a vacancy in
88.10 the office to be filled as provided by law.

88.11 Subd. 3. **Application for annuity or refund.** An application for an annuity or a
88.12 refund under sections 490.121 to 490.132 may be made by the potential annuitant or by
88.13 someone authorized to act for the potential annuitant. Every application for an annuity
88.14 or refund, ~~with~~ accompanied by a proof of age and by a record of years of service
88.15 when required, ~~shall~~ must be submitted to the ~~governing body~~ executive director of the
88.16 Minnesota State Retirement System in a form prescribed by ~~it~~ the director.

88.17 Subd. 4. **Manner of payment.** Unless otherwise specifically provided by statute or
88.18 agreed upon by the annuitant and the ~~governing body~~ board of directors of the Minnesota
88.19 state retirement system, annuities payable under sections 490.121 to 490.132 ~~shall~~ must
88.20 be paid in the manner and at the intervals as prescribed by the executive director of the
88.21 Minnesota state retirement system. The annuity ~~shall cease~~ ceases with the last payment
88.22 received by the annuitant while living.

88.23 Subd. 5. **Exemption from process; no assignment.** The provisions of section
88.24 356.401 apply to the judges retirement plan.

88.25 Sec. 43. Minnesota Statutes 2004, section 490.133, is amended to read:

88.26 **490.133 RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO**
88.27 **COURT OF APPEALS.**

88.28 (a) If a judge to whom or to whose survivors benefits would be payable under
88.29 Minnesota Statutes 2004, sections 490.101 to 490.12, is elected or appointed to the Court
88.30 of Appeals, that judge and the judge's survivors, ~~shall~~ continue to be eligible for benefits
88.31 under those sections and not under sections 490.121 to 490.132.

88.32 (b) In that the case of a judge to whom paragraph (a) applies, the service of the
88.33 judge in the Court of Appeals ~~shall~~ must be added to the prior service as district judge,
88.34 probate judge, or judge of any other court of record in determining eligibility and the
88.35 compensation of a judge of the Court of Appeals at the time of the judge's death, disability,
88.36 or retirement ~~shall be~~ is the "compensation allotted to the office" for the purposes of
88.37 calculating benefit amounts.

89.1 (c) All other judges of the Court of Appeals and their survivors shall be are subject
 89.2 to the retirement and survivor's annuity provisions of sections 490.121 to 490.132.

89.3 **Sec. 44. [490A.01] BOARD OF JUDICIAL STANDARDS; ESTABLISHMENT.**

89.4 Subdivision 1. Establishment; composition. The Board on Judicial Standards is
 89.5 established. The board is a continuation of the board established by Laws 1971, chapter
 89.6 909, sections 1 and 2, as amended.

89.7 Subd. 2. Composition; appointment. (a) The board consists of one judge of the
 89.8 Court of Appeals, three trial court judges, two lawyers who have practiced law in the state
 89.9 for at least ten years, and four citizens who are not judges, retired judges, or lawyers.

89.10 (b) All members must be appointed by the governor with the advice and consent of
 89.11 the senate. Senate confirmation is not required for judicial members.

89.12 Subd. 3. Term maximum; membership termination. No member may serve more
 89.13 than two full four-year terms or their equivalent. Membership terminates if a member
 89.14 ceases to hold the position that qualified the member for appointment.

89.15 Subd. 4. Member terms; compensation; removal. The membership terms,
 89.16 compensation, removal of members, and filling of vacancies on the board are as provided
 89.17 in section 15.0575.

89.18 Subd. 5. Executive secretary appointment; salary. (a) The board shall appoint
 89.19 the executive secretary.

89.20 (b) The salary of the executive secretary of the board is 85 percent of the maximum
 89.21 salary provided for an administrative law judge under section 15A.083, subdivision 6a.

89.22 **Sec. 45. [490A.02] JUDICIAL STANDARDS BOARD; POWERS.**

89.23 Subdivision 1. Judicial disqualification. A judge is disqualified from acting as a
 89.24 judge, without a loss of salary, while there is pending an indictment or any information
 89.25 charging the judge with a crime that is punishable as a felony under either Minnesota law
 89.26 or federal law, or while there is pending a recommendation to the Supreme Court by the
 89.27 Board on Judicial Standards for the judge's removal or retirement.

89.28 Subd. 2. Judicial suspension. On receipt of a recommendation of the Board on
 89.29 Judicial Standards or on its own motion, the Supreme Court may suspend a judge from
 89.30 office without salary when the judge pleads guilty to or no contest to or is found guilty of
 89.31 a crime that is punishable as a felony under either Minnesota law or federal law or any
 89.32 other crime that involves moral turpitude. If the conviction is reversed, the suspension
 89.33 terminates and the judge must be paid a salary for the period of suspension. If the judge
 89.34 is suspended and the conviction becomes final, the Supreme Court shall remove the
 89.35 judge from office.

90.1 Subd. 3. **Judicial disability.** On receipt of a recommendation of the Board on
90.2 Judicial Standards, the Supreme Court may retire a judge for a disability that the court
90.3 determines seriously interferes with the performance of the judge's duties and is or is
90.4 likely to become permanent, and censure or remove a judge for an action or inaction that
90.5 may constitute persistent failure to perform the judge's duties, incompetence in performing
90.6 the judge's duties, habitual intemperance, or conduct prejudicial to the administration of
90.7 justice that brings the judicial office into disrepute.

90.8 Subd. 4. **Authority to reopen matters.** The board is specifically empowered to
90.9 reopen any matter wherein any information or evidence was previously precluded by a
90.10 statute of limitations or by a previously existing provision of time limitation.

90.11 Subd. 5. **Retirement status.** (a) A judge who is retired by the Supreme Court must
90.12 be considered to have retired voluntarily.

90.13 (b) This section and section 490A.01 must not affect the right of a judge who
90.14 is suspended, retired, or removed hereunder from qualifying for any pension or other
90.15 retirement benefits to which the judge would otherwise be entitled by law to receive.

90.16 Subd. 6. **Eligibility for judicial office; practice law.** A judge removed by the
90.17 Supreme Court is ineligible for any future service in a judicial office. The question of
90.18 the right of a removed judge to practice law in this state must be referred to the proper
90.19 authority for review.

90.20 Subd. 7. **Supreme court rules.** The Supreme Court shall make rules to implement
90.21 this section.

90.22 **Sec. 46. [490A.03] PERSONS AFFECTED.**

90.23 The provisions of sections 490A.01 and 490A.02 apply to all judges, judicial
90.24 officers, and referees.

90.25 **Sec. 47. Minnesota Statutes 2004, section 525.05, is amended to read:**

90.26 **525.05 JUDGE OR REFEREE; GROUNDS FOR DISQUALIFICATION.**

90.27 The following shall be grounds for disqualification of any judge or referee from
90.28 acting in any matter: (1) That the judge or the judge's spouse or any of either of their kin
90.29 nearer than first cousin is interested as representative, heir, devisee, legatee, ward, or
90.30 creditor in the estate involved therein; (2) that it involves the validity or interpretation of a
90.31 will drawn or witnessed by the judge; (3) that the judge may be a necessary witness in the
90.32 matter; (4) that it involves a property right in respect to which the judge has been engaged
90.33 or is engaged as an attorney; or (5) that the judge was engaged in a joint enterprise for
90.34 profit with the decedent at the time of death or that the judge is then engaged in a joint
90.35 enterprise for profit with any person interested in the matter as representative, heir,
90.36 devisee, legatee, ward, or creditor. When grounds for disqualification exist, the judge may,

91.1 and upon proper petition of any person interested in the estate must, request another
 91.2 judge or a judge who has retired ~~as provided in section 490.12, subdivision 2,~~ to act in
 91.3 the judge's stead in the matter.

Sec. 48. **REVISOR'S INSTRUCTION.**

91.5 (a) In Minnesota Statutes, chapters 352, 352D, 355, 356, and 487, the revisor of
 91.6 statutes shall change references to "sections 490.121 to 490.132" to "chapter 490."

91.7 (b) In Minnesota Statutes, chapter 490, the revisor of statutes shall change references
 91.8 to "sections 490.121 to 490.132" to "this chapter."

91.9 (c) In Minnesota Statutes, sections 175A.01, subdivision 4, and 271.01, subdivision
 91.10 1, the revisor of statutes shall change references to "sections 490.15 and 490.16" to
 91.11 "sections 490A.01 and 490A.02."

91.12 Sec. 49. **REPEALER.**

91.13 Subdivision 1. **Judicial retirement plans; repealed as obsolete.** Minnesota
 91.14 Statutes 2004, sections 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106;
 91.15 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11,
 91.16 12, 16, 17, 18, and 19; 490.124, subdivision 6; and 490.132, and Minnesota Statutes 2005
 91.17 Supplement, section 490.121, subdivision 20, are repealed.

91.18 Subd. 2. **Judicial standards board; repealed for relocation as Minnesota**
 91.19 Statutes, chapter 490A. Minnesota Statutes 2004, sections 490.15; 490.16; and 490.18,
 91.20 are repealed.

91.21 Subd. 3. **Uniform judicial retirement plan; no benefit diminishment intended;**
 91.22 **procedure.** Sections 1 to 50 are not intended to reduce or increase the entitlement of
 91.23 active, deferred, or retired judges to retirement annuities or benefits as of July 1, 2006, as
 91.24 reflected in the records of the Minnesota State Retirement System. If the executive director
 91.25 of the Minnesota State Retirement System determines that any provision of sections 1 to
 91.26 48 functions to modify, impair, or diminish the retirement annuity or benefit entitlement
 91.27 of any judge that had accrued or earned before July 1, 2006, the executive director shall
 91.28 certify that determination and a recommendation as to the required legislative correction
 91.29 to the chair of the Legislative Commission on Pensions and Retirement, the chair of
 91.30 the senate State and Local Government Operations Committee, the chair of the house
 91.31 Governmental Operations and Veterans Affairs Policy Committee, and the executive
 91.32 director of the Legislative Commission on Pensions and Retirement on or before the
 91.33 October 1 next following that determination.

91.34 Sec. 50. **EFFECTIVE DATE.**

91.35 Sections 1 to 50 are effective July 1, 2006.

ARTICLE 13

JUDGES RETIREMENT PLAN AND RELATED CHANGES

Section 1. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional retirement annuity in the form of a joint and survivor annuity and an optional retirement annuity in the form of a period certain and life thereafter. Except as provided in paragraph (b), these optional annuity forms must be actuarially equivalent to the normal annuity computed under this section, plus the actuarial value of any surviving spouse benefit otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1. An individual selecting an optional annuity under this subdivision waives any rights to surviving spouse benefits under section 3A.04, subdivision 1.

(b) If a retired legislator selects the joint and survivor annuity option, the retired legislator must receive a normal single-life annuity if the designated optional annuity beneficiary dies before the retired legislator and no reduction may be made in the annuity to provide for restoration of the normal single-life annuity in the event of the death of the designated optional annuity beneficiary.

(c) The surviving spouse of a legislator who has attained at least age ~~60~~ 55 and who dies while a member of the legislature may elect an optional joint and survivor annuity under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

Sec. 2. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse.** Upon the death of a member of the legislature while serving as such member after June 30, 1973, or upon the death of a former member of the legislature with at least the number of years of service as required by section 3A.02, subdivision 1, clause (1), if section 3A.02, subdivision 5, paragraph (c), does not apply, the surviving spouse shall be paid a survivor benefit in the amount of one-half of the retirement allowance of the member of the legislature computed as though the member were at least normal retirement age on the date of death and based upon allowable service or eight years whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a former legislator receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the allowance being paid to the legislator. Such benefit shall be paid during the lifetime of the surviving spouse.

Sec. 3. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

93.1 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to retirement, or
 93.2 upon the death of a person who has qualified for an annuity but who ceases to be a judge
 93.3 prior to retirement and has not received a refund of contributions pursuant to subdivision
 93.4 12, a surviving spouse or, if there be no surviving spouse, dependent children, shall
 93.5 receive an annuity, payable monthly, equal to 60 percent of the normal retirement annuity
 93.6 which would have been payable to the judge or former judge had the date of death been
 93.7 the normal retirement date, provided that the surviving spouse or dependent children
 93.8 shall receive an annuity of not less than 25 percent of the judge's or former judge's final
 93.9 average compensation.

93.10 (b) The surviving spouse of a deceased judge may elect to receive, in lieu of the
 93.11 annuity under paragraph (a), an annuity equal to the 100 percent joint and survivor annuity
 93.12 which the judge or former judge could have qualified for on the date of death.

93.13 (c) If a judge, whose surviving spouse was not entitled to survivors benefits provided
 93.14 solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to
 93.15 retirement on or after May 23, 1973, and before January 1, 1974, a surviving spouse and
 93.16 dependent children, if any, shall be entitled to survivors benefits as provided hereunder as
 93.17 if such judge had died on January 1, 1974.

93.18 Sec. 4. **EFFECTIVE DATE.**

93.19 (a) Sections 1 and 2 are effective the day following final enactment.

93.20 (b) Section 3 is effective January 1, 2006, and applies to the surviving spouse of
 93.21 any judge who died on or after that date.

93.22 **ARTICLE 14**

93.23 **VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES**

4 Section 1. Minnesota Statutes 2004, section 6.72, is amended to read:

93.25 **6.72 STATE AUDITOR; REPORT TO LEGISLATURE ON VOLUNTEER**
 93.26 **FIREFIGHTERS' RELIEF ASSOCIATIONS.**

93.27 Subdivision 1. **Reporting requirements.** ~~Commencing November 15, 1981, and~~
 93.28 ~~every two years thereafter~~ (a) Annually, the state auditor shall report to the legislature on
 93.29 the general financial condition of the various volunteer firefighters' relief associations in
 93.30 the state as of December 31 of the year preceding the filing of the report.

93.31 (b) Two copies of the report shall be filed with the executive director of the
 93.32 Legislative Commission on Pensions and Retirement and ten copies of the report shall be
 93.33 filed with the director of the Legislative Reference Library.

4 Subd. 2. **Contents of report.** The report ~~shall~~ must include ~~the aggregate totals~~ for
 93.35 all volunteer firefighters' relief associations directly associated with the municipal fire

94.1 departments and all volunteer firefighters' relief associations subsidiary to independent
 94.2 nonprofit firefighting corporations, ~~the aggregate totals by the various benefit types and the~~
 94.3 ~~individual results for each volunteer firefighters' relief association listed by various benefit~~
 94.4 ~~types specified in subdivision 3. The following items shall be reported in each instance:~~

- 94.5 (1) amount of accrued liability,
 94.6 (2) amount of the assets of the special fund,
 94.7 (3) amount of surplus or unfunded accrued liability,
 94.8 (4) funding ratio,
 94.9 (5) amount of annual accruing liability or normal cost,
 94.10 (6) amount of annual required contribution to amortize the unfunded accrued
 94.11 liability,
 94.12 (7) amount of total required contribution,
 94.13 (8) amount of fire state aid and supplemental fire state aid,
 94.14 (9) amount of any municipal contributions,
 94.15 (10) amount of administrative expenses,
 94.16 (11) amount of service pension disbursements,
 94.17 (12) amount of other retirement benefit disbursements,
 94.18 (13) number of active members,
 94.19 (14) number of retired members,
 94.20 (15) number of deferred members,
 94.21 (16) amount of fidelity bond of secretary and treasurer,
 94.22 (17) amount of lump sum or monthly service pension accrued per year of service
 94.23 credit,
 94.24 (18) minimum retirement age required for commencement of a service pension,
 94.25 (19) minimum years of active service credit required for commencement of service
 94.26 pension,
 94.27 (20) minimum years of active membership credit required for commencement of
 94.28 service pension, and
 94.29 (21) type and amount of other retirement benefits.

94.30 Subd. 3. ~~Benefit categories~~ Report format. ~~For purposes of compiling~~ The report
 94.31 required by this section, ~~the various benefit types shall be as follows:~~

- 94.32 ~~(1) volunteer firefighters' relief associations paying a lump sum service pension of:~~
 94.33 ~~(i) less than \$50 per year of service,~~
 94.34 ~~(ii) \$50 or more, but less than \$100 per year of service,~~
 94.35 ~~(iii) \$100 or more, but less than \$200 per year of service,~~
 94.36 ~~(iv) \$200 or more, but less than \$300 per year of service,~~

- 95.1 ~~(v) \$300 or more per year of service;~~
- 95.2 ~~(2) volunteer firefighters' relief associations paying a monthly benefit service~~
- 95.3 ~~pension of:~~
- 95.4 ~~(i) less than \$2 per month per year of service;~~
- 95.5 ~~(ii) \$2 or more per month per year of service;~~
- 95.6 ~~(3) volunteer firefighters' relief associations paying a defined contribution service~~
- 95.7 ~~pension;~~
- 95.8 ~~(4) volunteer firefighters' relief associations paying no service pension must be~~
- 95.9 ~~organized in a manner that the state auditor determines to provide fair representation of~~
- 95.10 ~~the condition of the various volunteer firefighters' relief associations.~~

95.11 Sec. 2. Minnesota Statutes 2004, section 424A.001, is amended by adding a
95.12 subdivision to read:

95.13 Subd. 10. Volunteer firefighter. "Volunteer firefighter" means a person who:

95.14 (1) was a member of the applicable fire department or the firefighting corporation
95.15 and a member of the relief association on July 1, 2006; or

95.16 (2) became a member of the applicable fire department or the firefighting corporation
95.17 and is eligible for membership in the applicable relief association after June 30, 2006, and

95.18 (i) is engaged in providing emergency response services or delivering fire education
95.19 or prevention services as a member of a municipal fire department, a joint powers entity
95.20 fire department, or an independent nonprofit firefighting corporation;

95.21 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
95.22 prevention duties under subdivision 8; and

95.23 (iii) meets any other minimum firefighter and service standards established by the
95.24 fire department or firefighting corporation or specified in the articles of incorporation or
95.25 bylaws of the relief association.

95.26 Sec. 3. Minnesota Statutes 2004, section 424A.02, subdivision 8b, is amended to read:

95.27 Subd. 8b. Transfer to individual retirement account. A relief association that is
95.28 a qualified pension plan under section 401(a) of the federal Internal Revenue Code, as
95.29 amended, and that provides a lump sum service pension, at the written request of a the
95.30 applicable retiring member or, following the death of the active member, at the written
95.31 request of the deceased member's surviving spouse, may directly transfer the eligible
95.32 member's lump sum pension or the death, funeral, or survivor benefit attributable to the
95.33 member, whichever applies, to the member's requesting person's individual retirement
95.34 account under section 408(a) of the federal Internal Revenue Code, as amended.

95.35 Sec. 4. Minnesota Statutes 2004, section 424A.05, subdivision 3, is amended to read:

96.1 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements
 96.2 from the special fund are not permitted to be made for any purpose other than one of
 96.3 the following:

96.4 (1) for the payment of service pensions to retired members of the relief association if
 96.5 authorized and paid pursuant to law and the bylaws governing the relief association;

96.6 (2) for the payment of temporary or permanent disability benefits to disabled
 96.7 members of the relief association if authorized and paid pursuant to law and specified in
 96.8 amount in the bylaws governing the relief association;

96.9 (3) for the payment of survivor benefits to surviving spouses and surviving children,
 96.10 or if none, to designated beneficiaries, of deceased members of the relief association,
 96.11 and if survivors and if no designated beneficiary, for the payment of a death benefit to
 96.12 the estate of the deceased active firefighter, if authorized by and paid pursuant to law and
 96.13 specified in amount in the bylaws governing the relief association;

96.14 (4) for the payment of any funeral benefits to the surviving spouse, or if no surviving
 96.15 spouse, the estate, of the deceased member of the relief association if authorized by law
 96.16 and specified in amount in the bylaws governing the relief association;

96.17 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
 96.18 Department Association, to the Minnesota Area Relief Association Coalition, and to
 96.19 the state Volunteer Firefighters Benefit Association in order to entitle relief association
 96.20 members to membership in and the benefits of these associations or organizations; and

96.21 (6) for the payment of administrative expenses of the relief association as authorized
 96.22 pursuant to section 69.80.

96.23 (b) For purposes of this chapter, a designated beneficiary must be a natural person.

96.24 **Sec. 5. RANDALL FIREMEN'S RELIEF ASSOCIATION; REVISED BENEFIT**
 96.25 **FOR SPOUSE OF DECEASED FIREFIGHTER.**

96.26 **Subdivision 1. Application.** This section applies to a surviving spouse of a person
 96.27 who:

96.28 (1) was born on June 21, 1973;

96.29 (2) as a member of the Randall Firemen's Relief Association provided one year and
 96.30 ten months of service to the associated fire department and had one year of service credit
 96.31 in the association on the date of death; and

96.32 (3) was killed in a construction accident on October 28, 2005.

96.33 **Subd. 2. Eligibility for benefit.** Notwithstanding any law to the contrary, the
 96.34 eligible person described in subdivision 1 is entitled to receive a survivor benefit from the
 96.35 Randall Firemen's Relief Association benefit plan as revised in November 2005, not to
 96.36 exceed the survivor benefit amount that would be applicable if the firefighter had lived

97.1 until a day after the effective date of the increased minimum surviving spouse benefit
 97.2 approved by the Randall City Council in November 2005, consistent with Minnesota
 97.3 Statutes, section 424A.02, subdivision 9.

97.4 Subd. 3. Restrictions. This section does not authorize payment of more than
 97.5 a single survivor benefit to the eligible individual specified in subdivision 1. If a
 97.6 survivor benefit has been paid to the eligible individual by the Randall Firemen's Relief
 97.7 Association, this section authorizes payment to the eligible individual of the difference
 97.8 between the amount previously paid and the amount payable under the Randall Firemen's
 97.9 Relief Association benefit plan as revised in November 2005.

97.10 **Sec. 6. EFFECTIVE DATE.**

97.11 (a) Sections 1 and 4 are effective July 1, 2006.

97.12 (b) Section 2 is effective January 1, 2008.

97.13 (c) Section 3 is effective the day following final enactment and applies retroactively
 97.14 to January 1, 2006.

97.15 (d) Section 5 is effective the day after the date on which the Randall City Council and
 97.16 the chief clerical office of the city of Randall complete, in a timely manner, compliance
 97.17 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

97.18 **ARTICLE 15**

97.19 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**

97.20 **Section 1. CORRECTING PLAN COVERAGE ERROR BY PROVIDING A**
 97.21 **PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN ANNUITY.**

97.22 Subdivision 1. Purpose. The annuity provided under this section is intended
 97.23 to compensate for an error in pension coverage. Due to the employment specified in
 97.24 subdivision 2, an eligible individual specified in subdivision 2 should have become a
 97.25 member of the public employees police and fire retirement plan but was incorrectly placed
 97.26 in the St. Paul Fire Department Relief Association retirement plan.

97.27 Subd. 2. Eligibility. (a) An eligible individual under paragraph (b) is authorized to
 97.28 receive the benefit specified in subdivision 4, upon satisfying all requirements specified
 97.29 in this section.

97.30 (b) An eligible individual is an individual who:

97.31 (1) was born on April 24, 1951;

97.32 (2) was hired as a St. Paul firefighter with a certified appointment date of June 13,
 97.33 1980, but first earned salary as a St. Paul firefighter on June 30, 1980;

97.34 (3) was erroneously placed in the St. Paul Fire Department Relief Association
 97.35 retirement plan due to that employment; and

98.1 (4) terminated from the St. Paul Fire Department employment on January 3, 1990.

98.2 Subd. 3. Additional employee contribution or refund amount. (a) If a valid
98.3 annuity application is made under subdivision 7, the executive director of the Public
98.4 Employees Retirement Association shall determine the employee contributions that
98.5 an eligible individual under subdivision 2 would have made to the public employees
98.6 police and fire retirement plan fund, if coverage had been provided by that plan for
98.7 the employment period specified in subdivision 2, and from each of these contribution
98.8 amounts the employee contribution actually made by the eligible individual to the St. Paul
98.9 Fire Department Relief Association for the same payroll period shall be subtracted. These
98.10 differences, plus 8.5 percent annual compound interest from the date the public employees
98.11 police and fire retirement plan contribution would have been made until the first of the
98.12 month after a valid annuity application has been received, shall be aggregated.

98.13 (b) If the aggregate amount under paragraph (a) is a positive number, the total
98.14 amount shall be paid in a lump sum to the executive director of the Public Employees
98.15 Retirement Association. The executive director shall notify the eligible individual
98.16 in writing of the required amount. To be eligible for the current or deferred annuity
98.17 specified in subdivision 4, the eligible individual must pay the amount required under this
98.18 paragraph, if applicable, within three months of the executive director's notification.

98.19 (c) If the aggregate amount computed under paragraph (a) is a negative amount, the
98.20 value of the contributions that the eligible employee made to the local relief association
98.21 exceeded the value of employee contributions that would have been made to the public
98.22 employees police and fire fund. This aggregate negative amount shall be multiplied by
98.23 minus one and the resulting amount shall be refunded to the eligible individual by the city
98.24 of St. Paul. The executive director shall inform the eligible individual of the refund
98.25 amount in writing, and shall notify the city of St. Paul. The city of St. Paul shall pay this
98.26 amount to the eligible individual within 30 days of notification.

98.27 Subd. 4. Benefit amount. The eligible individual is entitled to apply for an annuity,
98.28 as further specified in subdivision 7, and to receive a public employees police and fire
98.29 retirement plan retirement annuity computed based on the version of Minnesota Statutes,
98.30 chapter 353, in effect on the date that the eligible individual terminated from St. Paul Fire
98.31 Department Relief Association employment.

98.32 Subd. 5. Calculation of reserves; payment by city of St. Paul. The executive
98.33 director of the Public Employees Retirement Association shall compute the full required
98.34 reserves for the annuity determined under subdivision 4 using all applicable actuarial
98.35 assumptions for the public employees police and fire retirement plan. This amount, after
98.36 deducting the amount received by the Public Employees Retirement Association under

99.1 subdivision 3, paragraph (b), if applicable, is to be paid to the executive director of the
99.2 Public Employees Retirement Association in a lump sum by the city of St. Paul. The
99.3 executive director shall notify the chief administrative officer of the city of St. Paul in
99.4 writing of the payment amount required under this subdivision. This notification shall be
99.5 made by the executive director within one month following the receipt by the executive
99.6 director of any amount required under subdivision 3, paragraph (b), if applicable. The
99.7 city of St. Paul must pay the amount required under this subdivision within 30 days after
99.8 receipt of the executive director's notification.

99.9 Subd. 6. **Actions upon failure to pay.** If the city of St. Paul fails to transmit the
99.10 amount required under subdivision 5 in a timely manner, or fails to make a timely refund
99.11 under subdivision 3, paragraph (c), if applicable, the executive director of the Public
99.12 Employees Retirement Association shall notify the commissioner of finance of this
99.13 nonpayment or nonpayments, and the commissioner of finance shall deduct the applicable
99.14 amount or amounts from any state aid otherwise payable to the city and transmit the
99.15 amount required under subdivision 5 to the executive director for deposit in the public
99.16 employees police and fire fund. If the city of St. Paul fails to make a payment required
99.17 under subdivision 3, paragraph (c), if applicable, the commissioner of finance will make
99.18 any necessary refund, with reimbursement through the withholding of aid, as stated in
99.19 this subdivision.

99.20 Subd. 7. **Annuity application.** An eligible individual described in subdivision 2
99.21 shall apply in writing on forms provided by the Public Employees Retirement Association
99.22 for the annuity provided by this section. The application must be made before January 1,
99.23 2007, and must include all necessary documentation of the applicability of this section and
99.24 any other relevant information which the executive director may require.

5 Subd. 8. **Service credit grant.** Service credit in the public employees police and
99.26 fire retirement plan for the eligible individual's employment period as a St. Paul firefighter
99.27 shall be granted following the filing of a valid application for an annuity under subdivision
99.28 7 and receipt by the executive director of any amount applicable under subdivision 3,
99.29 paragraph (b).

99.30 **Sec. 2. PERA-P&F; PURCHASE OF SERVICE CREDIT.**

99.31 Subdivision 1. **Eligibility.** An eligible person may purchase allowable service credit
99.32 from the public employees police and fire plan for the period from November 23, 1984,
99.33 to March 16, 1985. An eligible person is a person who:

99.34 (1) is currently a member of the public employees police and fire plan; and

100.1 (2) was employed by the city of Faribault as a firefighter since November 23, 1984,
100.2 but was not covered by the public employees police and fire plan from November 23,
100.3 1984, until March 16, 1985, despite the provided firefighting service.

100.4 Subd. 2. Purchase requirements. An eligible person must apply to the executive
100.5 director of the Public Employees Retirement Association to make the service credit
100.6 purchase authorized in this section. The application must be in writing and must contain
100.7 documentation required by the executive director.

100.8 Subd. 3. Payment. If an eligible person meets the requirements to purchase service
100.9 credit under this section, the public employees police and fire fund must be paid the
100.10 amount determined under Minnesota Statutes, section 356.551.

100.11 Subd. 4. Additional requirements. (a) In addition to the one-year payment
100.12 limitation in Minnesota Statutes, section 356.551, the authority provided by this section is
100.13 voided if the amount required under subdivision 3 from an eligible person is not paid to the
100.14 executive director of the Public Employees Retirement Association prior to termination
100.15 of service by the eligible person.

100.16 (b) Notwithstanding Minnesota Statutes, section 356.551, allowable service credit in
100.17 the public employees police and fire plan for the eligible person must be granted upon
100.18 receipt by the executive director of payment from the eligible person of the amount
100.19 required under subdivision 3.

100.20 (c) If the city of Faribault fails to pay the amount required under subdivision 3 within
100.21 30 days of notification from the executive director of the amount required, the executive
100.22 director shall inform the commissioner of the Department of Finance of the amount of the
100.23 deficiency, and the amount must be deducted from any subsequent state aid to the city.

100.24 **Sec. 3. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF PRIOR**
100.25 **SERVICE CREDIT FOR MONTANA TEACHING SERVICE.**

100.26 (a) An eligible person described in paragraph (b) is authorized to purchase service
100.27 credit, in accordance with Minnesota Statutes, section 356.551, from the Teachers
100.28 Retirement Association coordinated program for a period of teaching service in Montana
100.29 public schools, not to exceed ten years.

100.30 (b) An eligible person is a person who:

100.31 (1) is currently an active member of the Teachers Retirement Association for
100.32 teaching service at the Northfield Middle School in Independent School District No. 659;

100.33 (2) was born on January 1, 1959; and

100.34 (3) was a teacher at the Pine Hills School in Miles City, Montana, for 11.2 years with
100.35 coverage for that service by the Montana Teachers Retirement System.

101.1 (c) An eligible person described in paragraph (b) is authorized to apply with the
101.2 executive director of the Teachers Retirement Association to make the service credit
101.3 purchase under this section. The application must be in writing and must include all
101.4 necessary documentation of the applicability of this section, and any other relevant
101.5 information which the executive director may require. The payment required under this
101.6 section to receive the service credit must be received by the executive director of the
101.7 Teachers Retirement Association before December 31, 2006, and before the eligible
101.8 person's retirement or termination from service. The service credit authorized by this
101.9 section shall be granted upon receipt of the service credit purchase payment by the
101.10 executive director.

101.11 (d) The authority under this section is voided if an eligible person under paragraph
101.12 (b) retains a right to an annuity from the Montana Teachers Retirement System.

101.13 **Sec. 4. PERA-GENERAL; PUBLIC DEFENDER SERVICE CREDIT**
101.14 **PURCHASE.**

101.15 (a) An eligible person described in paragraph (b) may purchase allowable service
101.16 credit in the general employees retirement plan of the Public Employees Retirement
101.17 Association for the period described in paragraph (c) by making the payment required
101.18 under paragraph (d).

101.19 (b) An eligible person is a person who:

101.20 (1) was born on October 7, 1949;

101.21 (2) was employed as a public defender by the Tenth Judicial District on July 1, 1987;

101.22 (3) was also retained as an independent contractor by Washington County as a
101.23 public defender as of June 12, 1989;

101.24 (4) was determined to have had deductions related to the Tenth Judicial District
25 employment for the general employees retirement plan of the Public Employees
101.26 Retirement Association taken in error and had those deductions returned on January 7,
101.27 1991; and

101.28 (5) is currently a member of the general state employees retirement plan of the
101.29 Minnesota State Retirement System.

101.30 (c) The period of allowable service credit available for purchase under this section
101.31 is 21 months.

101.32 (d) The prior service credit purchase payment must be calculated under Minnesota
101.33 Statutes, section 356.551.

34 **Sec. 5. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; EMPLOYEE**
35 **ORGANIZATION BUSINESS AGENT LEAVE OF ABSENCE SERVICE CREDIT**
101.36 **PURCHASE.**

102.1 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
102.2 service credit in the public employees police and fire retirement plan for the period
102.3 described in paragraph (c) by making the payment required under paragraph (d).

102.4 (b) An eligible person is a person who:

102.5 (1) was born on January 3, 1959;

102.6 (2) was employed by the Minnetonka Police Department before 1995;

102.7 (3) was granted a leave of absence from employment by the Minnetonka Police
102.8 Department in 1995 to serve as the business agent for an employee labor organization; and

102.9 (4) returned to employment with the Minnetonka Police Department from the leave
102.10 of absence in 1997.

102.11 (c) The period of service credit available for purchase under this section is one year.

102.12 (d) The prior service credit purchase payment must be calculated under Minnesota
102.13 Statutes, section 356.551.

102.14 **Sec. 6. PERA-GENERAL; PUBLIC GOLF COURSE EMPLOYEE SERVICE**
102.15 **CREDIT PURCHASE .**

102.16 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
102.17 service credit from the general employees retirement plan of the Public Employees
102.18 Retirement Association for the period of employment by the city of Anoka at the
102.19 Greenhaven Golf Course between March 1, 1984, and December 28, 1997, that qualified as
102.20 employment by a public employee under Minnesota Statutes, section 353.01, subdivisions
102.21 2, 2a, and 2b, that was not previously credited by the retirement plan.

102.22 (b) An eligible person is a person who:

102.23 (1) was born on July 18, 1954;

102.24 (2) was first employed by the city of Anoka at the Greenhaven Golf Course as a
102.25 part-time employee in 1978;

102.26 (3) was incorrectly characterized as an independent contractor by the city of Anoka
102.27 during the period 1982-1998, although the person was provided health insurance and other
102.28 employment recognition during portions of that period; and

102.29 (4) became a member of the general employees retirement plan of the Public
102.30 Employees Retirement Association in 1998.

102.31 (c) The eligible person described in paragraph (b) must apply with the executive
102.32 director of the Public Employees Retirement Association to make the service credit
102.33 purchase under this section. The application must be in writing and must include all
102.34 necessary documentation of the applicability of this section and any other relevant
102.35 information that the executive director may require.

103.1 (d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision
103.2 16, must be granted by the general employees retirement plan of the Public Employees
103.3 Retirement Association to the account of the eligible person upon the receipt of the prior
4 service credit purchase payment amount required under Minnesota Statutes, section
103.5 356.551.

103.6 (e) Of the prior service credit purchase payment amount under Minnesota Statutes,
103.7 section 356.551, the eligible person must pay an amount equal to the employee
103.8 contribution rate or rates in effect during the uncredited employment period applied to the
103.9 actual salary rates in effect during the period, plus annual compound interest at the rate of
103.10 8.5 percent from the date the member contribution payment should have been made if
103.11 made in a timely fashion until the date on which the contribution is actually made. If the
103.12 equivalent member contribution payment, plus interest, is made, the city of Anoka shall
103.13 pay the balance of the total prior service credit purchase payment amount under Minnesota
103.14 Statutes, section 356.551, within 60 days of notification by the executive director of the
103.15 Public Employees Retirement Association of the member contribution equivalent payment.

103.16 (f) Authority for an eligible person to make a prior service credit purchase under this
103.17 section expires on June 30, 2007.

103.18 (g) If the city of Anoka fails to pay its portion of the prior service credit purchase
103.19 payment amount under paragraph (e), the executive director of the Public Employees
103.20 Retirement Association must notify the commissioners of finance and revenue of that fact
103.21 and the commissioners shall order the deduction of the required payment amount from
103.22 the next subsequent payment of any state aid to the city of Anoka and be transmitted
103.23 to the general employees retirement fund.

103.24 **Sec. 7. TEACHERS RETIREMENT ASSOCIATION; REFUND REPAYMENT**
25 **OF CERTAIN TRANSFERRED AMOUNTS.**

103.26 (a) Notwithstanding Minnesota Statutes, section 352D.12 or 354.50, or any other
103.27 provision to the contrary, an eligible person described in paragraph (b) may repay to
103.28 the Teachers Retirement Association the amount specified in paragraph (c) and thereby
103.29 restore the person's prior allowable and formula service credit under Minnesota Statutes,
103.30 chapter 354.

103.31 (b) An eligible person is a person who:

103.32 (1) was born on July 17, 1947;

103.33 (2) taught for ten years with Independent School District No. 191, Burnsville;

103.34 (3) was employed by the Minnesota Educational Computing Corporation in 1984
103.35 and 1985;

104.1 (4) transferred accumulated employee contributions and an equal employer
104.2 contribution amount from the Teachers Retirement Association to the unclassified state
104.3 employees retirement program of the Minnesota State Retirement System in 1985; and

104.4 (5) after employment in the private sector in educational computing, returned to
104.5 teaching employed by Independent School District No. 196, Rosemount-Apple Valley-
104.6 Eagan.

104.7 (c) The amount of the refund to be repaid to the Teachers Retirement Association is
104.8 an amount equal to the amount transferred from the Teachers Retirement Association to
104.9 the unclassified state employees retirement program of the Minnesota State Retirement
104.10 System under Laws 1984, chapter 619, section 6, subdivision 3, plus compound annual
104.11 interest at the rate of 8.5 percent from the date on which the amount was transferred from
104.12 the Teachers Retirement Association to the date on which the transfer amount is repaid.

104.13 (d) Upon the repayment of the transfer amount, plus interest, the allowable and
104.14 formula service credit in the Teachers Retirement Association under Minnesota Statutes,
104.15 section 354.05, subdivisions 13 and 25, related to the transferred amount in 1985, must
104.16 be restored to the eligible person.

104.17 (e) The transfer amount repayment, plus interest, may be made through an institution
104.18 to institution transfer.

104.19 (f) This provision expires on July 1, 2007.

104.20 **Sec. 8. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE**
104.21 **TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF**
104.22 **PAST SERVICE CREDIT.**

104.23 (a) An eligible person described in paragraph (b) is authorized to become a
104.24 coordinated member of the Teachers Retirement Association, and to purchase service and
104.25 salary credit in the Teachers Retirement Association coordinated plan retroactive from
104.26 January 1, 1995, upon making an election under paragraph (c) and upon making the
104.27 required payment under paragraph (d).

104.28 (b) An eligible person is a person who:

104.29 (1) was born on September 10, 1958;

104.30 (2) has prior employment covered by the Public Employees Retirement Association
104.31 general plan;

104.32 (3) is the director of student support services at North Hennepin Community College;

104.33 (4) began working at North Hennepin Community College on February 3, 1992, with
104.34 coverage for that service by the higher education individual retirement account plan; and

104.35 (5) was not offered an election of Teachers Retirement Association coverage, as
104.36 required under Laws 1994, chapter 508, article 1, section 10.

105.1 (c)(1) To be eligible for coverage by the Teachers Retirement Association, an
105.2 eligible person must submit a written application to the executive director of the Teachers
105.3 Retirement Association on a form provided by the Teachers Retirement Association. The
105.4 application must include all documentation of the applicability of this section and any
105.5 other relevant information that the executive director may require. Following receipt by
105.6 the executive director of the written application specified in this paragraph and receipt
105.7 of the payment specified in paragraph (d):

105.8 (i) Teachers Retirement Association plan membership commences as of July 1, 2006;

105.9 (ii) individual retirement account plan coverage terminates for the applicable
105.10 eligible person; and

105.11 (iii) past salary and service credit is granted from January 1, 1995, as specified
105.12 in this section.

105.13 (2) The authority granted by this section is voided if the applicable eligible
105.14 individual terminates from Minnesota State Colleges and Universities system employment
105.15 prior to receipt by the executive director of the Teachers Retirement Association of the
105.16 application specified in this paragraph and the amount specified in paragraph (d).

105.17 (d) To receive the treatment specified in this section, an eligible person shall make
105.18 payment of the amount determined under Minnesota Statutes, section 356.551, to the
105.19 executive director of the Teachers Retirement Association for the period from January 1,
105.20 1995. The individual is authorized to cover the payment using assets transferred from the
105.21 eligible individual's individual retirement account plan account, or from any other sources
105.22 permitted by law. The total amount to be paid under this paragraph shall be determined
105.23 by the executive director of the Teachers Retirement Association. Written notification of
105.24 the amount required under this paragraph should be transmitted to the eligible individual.

25 The Teachers Retirement Association is authorized to utilize the actuary jointly retained
105.26 under Minnesota Statutes, section 356.214, to make the computations required under this
105.27 paragraph. The Teachers Retirement Association shall allocate the amount received under
105.28 this paragraph between the Teachers Retirement Association and the Public Employees
105.29 Retirement Association, or other applicable pension fund, as indicated by the full actuarial
105.30 cost determination required under this paragraph.

105.31 **Sec. 9. TRA; PURCHASE OF UNCREDITED MEDICAL LEAVE.**

105.32 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
105.33 and formula service credit in the Teachers Retirement Association for any period of
105.34 medical leave that was not properly reported to the Teachers Retirement Association by
105.35 Independent School District No. 197, West St. Paul, and consequently not previously

106.1 audited under Minnesota Statutes, section 354.05, subdivision 13, upon the making of the
106.2 payments required under paragraphs (c) and (d).

106.3 (b) An eligible person is a person who:

106.4 (1) was born on August 24, 1948;

106.5 (2) was initially employed as a teacher in September 1970;

106.6 (3) is employed by Independent School District No. 197, West St. Paul; and

106.7 (4) took a medical leave during the 2003-2004 school year that was not reported to
106.8 the Teachers Retirement Association in a timely fashion.

106.9 (c) The eligible person shall make a payment equal to five percent of the person's
106.10 2004-2005 school year salary, plus compound interest at the rate of 8.5 percent per annum
106.11 from July 1, 2004, to the date on which the payment is made.

106.12 (d) Upon the payment under paragraph (c), the executive director of the Teachers
106.13 Retirement Association shall, within 30 days, notify Independent School District No. 197,
106.14 West St. Paul, of its obligation under this section. The school district's obligation is the
106.15 balance of the prior service credit purchase payment amount determined under Minnesota
106.16 Statutes, section 356.551, that exceeds the payment under paragraph (c). If the school
106.17 district fails to pay its obligation within 60 days following notification, the executive
106.18 director shall certify that failure and the amount due to the commissioner of finance, who
106.19 shall deduct the amount due from any subsequent state aid payable to Independent School
106.20 District No. 197, West St. Paul, plus interest at the rate of 0.71 percent per month from the
106.21 date of the payment under paragraph (c) to the date of the actual payment.

106.22 (e) This provision expires on July 1, 2008.

106.23 **Sec. 10. INTERNATIONAL FALLS AND RED WING SCHOOL STRIKE**
106.24 **SERVICE CREDIT PROVISION.**

106.25 Notwithstanding any provision of Minnesota Statutes, section 356.195, a teacher
106.26 who was covered by the Teachers Retirement Association and who was on strike
106.27 between September 20, 2002, and October 14, 2002, if the teacher was employed by
106.28 the International Falls public schools or was on strike between October 22, 2002, and
106.29 November 14, 2002, if the teacher was employed by the Red Wing public schools, is
106.30 authorized to make a payment to the Teachers Retirement Association and receive
106.31 allowable and formula service credit under Minnesota Statutes, section 354.05,
106.32 subdivisions 13 and 25, for the applicable strike period under Minnesota Statutes, section
106.33 356.195, subdivision 2, paragraph (c).

106.34 **Sec. 11. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL;**
106.35 **BLOOMINGTON PUBLIC SCHOOLS CUSTODIAN SERVICE CREDIT**
106.36 **PURCHASE AUTHORIZATION.**

107.1 (a) Notwithstanding any provision of law to the contrary, an eligible person
 107.2 specified in paragraph (b) may purchase allowable service credit in the general employees
 107.3 retirement plan of the Public Employees Retirement Association for the years and
 107.4 months that elapsed between the date of hire by Independent School District No. 271,
 107.5 Bloomington, and the date on which the person was recorded as a member of the general
 107.6 employees retirement plan of the Public Employees Retirement Association upon the
 107.7 payment of the amount set forth in paragraph (c).

107.8 (b) An eligible person is a person who was employed by Independent School District
 107.9 No. 271, Bloomington, on the applicable indicated employment date, but who was not
 107.10 reported to the Public Employees Retirement Association as a member of the general
 107.11 employees retirement plan until the applicable indicated membership record date, and who
 107.12 consequently has an uncredited period of school district employment, as follows:

	<u>employee</u>	<u>employment date</u>	<u>membership record date</u>
107.13	<u>A</u>	<u>August 29, 1985</u>	<u>January 1, 1989</u>
107.14	<u>B</u>	<u>April 29, 1986</u>	<u>November 16, 1988</u>
5	<u>C</u>	<u>January 7, 1987</u>	<u>June 12, 1989</u>
107.16	<u>D</u>	<u>July 21, 1986</u>	<u>July 1, 1989</u>
107.17	<u>E</u>	<u>May 22, 1988</u>	<u>June 12, 1989</u>
107.18	<u>F</u>	<u>September 11, 1988</u>	<u>June 12, 1989</u>
107.19	<u>G</u>	<u>February 9, 1989</u>	<u>June 16, 1989</u>
107.20	<u>H</u>	<u>February 15, 1989</u>	<u>June 16, 1989</u>
107.21	<u>I</u>	<u>March 25, 1989</u>	<u>June 12, 1989</u>
107.22			

107.23 (c) The prior service credit purchase payment amount is the amount determined
 107.24 for each eligible person by the executive director of the Public Employees Retirement
 107.25 Association under Minnesota Statutes, section 356.551.

107.26 (d) The eligible person shall pay an amount equal to the member contribution that
 27 the person would have paid if the person had been a member of the general employees
 107.28 retirement plan of the Public Employees Retirement Association during the period
 107.29 between the applicable employment date and the applicable membership record date,
 107.30 plus annual compound interest on the total amount at the rate of 8.5 percent from the
 107.31 midpoint date of the uncredited employment period until the date on which the equivalent
 107.32 member contribution is paid. Payment must be made by July 1, 2006, or by the date of the
 107.33 termination of employment, whichever is earlier.

107.34 (e) If the eligible person makes the required payment under paragraph (d) in a timely
 107.35 fashion, Independent School District No. 271, Bloomington, may pay the difference
 36 between the amount determined under paragraph (c) and the amount paid under paragraph
 107.37 (d). If Independent School District No. 271, Bloomington, does not pay that balance
 107.38 within 30 days of notification by the executive director of the Public Employees Retirement

108.1 Association of the payment by an eligible person under paragraph (d), the executive
108.2 director shall notify the commissioner of finance of that fact and the commissioner of
108.3 finance shall deduct the balance, plus compound interest on that amount at the rate of 1.5
108.4 percent per month or portion of a month that has elapsed from the effective date of this
108.5 section, from any state aid payable to the school district and shall transmit that amount to
108.6 the executive director of the Public Employees Retirement Association.

108.7 (f) The eligible person shall provide any relevant documentation related to the
108.8 eligibility to make this service credit purchase that is required by the executive director of
108.9 the Public Employees Retirement Association.

108.10 (g) Only periods of employment when the eligible person would have been
108.11 eligible for coverage by the general employees retirement plan of the Public Employees
108.12 Retirement Association is purchasable under this section.

108.13 **Sec. 12. PERA-GENERAL; AUTHORIZING TRANSFER OF COVERAGE**
108.14 **FROM DEFINED CONTRIBUTION PLAN IN CERTAIN INSTANCES.**

108.15 (a) An eligible person described in paragraph (b) may elect under paragraph (c) to
108.16 transfer past retirement coverage from the defined contribution retirement plan of the
108.17 public employees retirement association to the general employees retirement plan of the
108.18 Public Employees Retirement Association by authorizing the transfer of assets specified in
108.19 paragraph (d) and making the additional payment, if any, specified in paragraph (e).

108.20 (b) An eligible person is a former public employee or official who:

108.21 (1) was born on August 2, 1950;

108.22 (2) served in the Minnesota house of representatives from 1975 to 1991;

108.23 (3) served in the Minnesota senate from 1991 to 2002;

108.24 (4) became the mayor of a Minnesota home rule city in January 2002; and

108.25 (5) elected retirement coverage by the defined contribution retirement plan of the
108.26 Public Employees Retirement Association on January 15, 2002.

108.27 (c) The election of the retirement coverage transfer must be made in writing within
108.28 180 days of the date of enactment of this act. The election must authorize the asset
108.29 transfer specified in paragraph (d) and must be accompanied with any payment amount
108.30 required under paragraph (e). Upon the transfer and payment, the electing eligible person
108.31 is entitled to allowable service and salary credit under Minnesota Statutes, section 353.01,
108.32 subdivisions 10 and 16, for the service and salary related to the defined contribution
108.33 retirement plan coverage period.

108.34 (d) The transfer amount is the total member and employer contributions and any
108.35 investment performance to the credit of the eligible person in the defined contribution
108.36 retirement plan of the Public Employees Retirement Association.

109.1 (e) The additional payment amount is the amount by which the transfer amount
109.2 under paragraph (d) is less than the amount that would be required to be transferred to
109.3 the Minnesota postretirement investment fund for the coordinated program of the general
109.4 employees retirement plan of the Public Employees Retirement Association retirement
109.5 annuity payable to the eligible person on the first day of the month next following the
109.6 date of enactment or on the first day of the month next following the day on which the
109.7 eligible person is first eligible to receive a retirement annuity from the general employees
109.8 retirement plan of the Public Employees Retirement Association if that date is later than
109.9 the date of enactment plus the amount representing the present value of the amount by
109.10 which the retirement annuity from the legislators retirement plan was increased or the
109.11 retirement age eligibility was modified under Minnesota Statutes, section 356.30, from the
109.12 additional service and salary credit under Minnesota Statutes, chapter 353. The former
109.13 employer of the eligible employee may pay a portion of the additional payment amount,
109.14 but not to exceed 52 percent of the total amount, at the discretion of the former employer.

109.15 (f) The executive director of the Public Employees Retirement Association may
109.16 request any relevant documentation to verify a person's status as an eligible person under
109.17 this section and may audit city records to verify conformity with Minnesota Statutes,
109.18 section 353.01, subdivisions 10 and 16.

109.19 **Sec. 13. MSRS-GENERAL; PAYMENT OF PORTION OF ANNUITY IN**
109.20 **CERTAIN MARRIAGE DISSOLUTIONS.**

109.21 (a) Notwithstanding the provisions of Minnesota Statutes, section 518.58,
109.22 subdivision 4, or any other law to the contrary, if a court of competent jurisdiction
109.23 makes a finding meeting the requirements of paragraph (b), and that finding is filed with
109.24 the executive director of the Minnesota State Retirement System, an eligible person
109.25 described in paragraph (c) is entitled to immediately receive the person's designated
109.26 portion of the ex-spouse's public retirement plan annuity awarded as part of the applicable
109.27 marriage dissolution judgement that conformed with Minnesota Statutes, section 518.58,
109.28 subdivision 4, when issued.

109.29 (b) The finding necessary to implement this section would be:

109.30 (1) that the court in its marriage dissolution judgment intended that the eligible
109.31 person described in paragraph (c) receive a portion of the person's ex-spouse's public
109.32 retirement plan annuity in a timely fashion;

109.33 (2) that the ex-spouse has declined to commence receipt of that public retirement
109.34 plan annuity; and

110.1 (3) that the decision of the ex-spouse not to draw the public retirement plan annuity
110.2 was not reasonably done in pursuit of an end other than to frustrate the payment of a
110.3 portion of the retirement annuity to the eligible person.

110.4 (c) An eligible person is a person:

110.5 (1) who was born on August 12, 1944;

110.6 (2) who resides in Edina, Minnesota;

110.7 (3) who was married to a member of the general state employees retirement plan of
110.8 the Minnesota State Retirement System; and

110.9 (4) whose marriage was dissolved on December 15, 1999.

110.10 (d) If the immediate payment of the eligible person's designated portion of the
110.11 ex-spouse's public retirement plan annuity occurs under this section, the executive director
110.12 of the Minnesota State Retirement System shall establish a separate account for the
110.13 eligible person within the state employees retirement fund, shall credit that account with
110.14 the applicable percentage of the actuarial present value of the retirement annuity of the
110.15 ex-spouse under the marriage dissolution judgment, and shall reduce the account of the
110.16 ex-spouse by that amount. The present value of the subsequent retirement annuity of the
110.17 ex-spouse, when initiated, may not exceed the person's account value upon the division,
110.18 plus the value of any deferred annuity augmentation.

110.19 **Sec. 14. MINNEAPOLIS EMPLOYEES RETIREMENT FUND; SERVICE**
110.20 **CREDIT PURCHASE FOR CERTAIN WORKERS' COMPENSATION INJURY**
110.21 **PERIODS.**

110.22 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
110.23 service credit from the Minneapolis Employees Retirement Fund for up to two years for
110.24 the period of the injury that qualified for a workers' compensation benefit but that was not
110.25 previously credited by the Minneapolis Employees Retirement Fund.

110.26 (b) An eligible person is a person who:

110.27 (1) was born on January 4, 1951;

110.28 (2) was first employed in the engineering department of the city of Minneapolis
110.29 in 1974;

110.30 (3) suffered an injury that, in 1978, qualified the person for workers' compensation
110.31 benefits;

110.32 (4) applied for disabled status in the Minneapolis Employees Retirement Fund in
110.33 1986 and accrued allowable service credit for the period from 1986 to 1991; and

110.34 (5) was advised by the Minneapolis Employees Retirement Fund to wait until
110.35 retirement age to pursue a claim for allowable service credit for the period from 1978
110.36 to 1985.

111.1 (c) The eligible person described in paragraph (b) must apply with the executive
111.2 director of the Minneapolis Employees Retirement Fund to make a service credit purchase
111.3 under this section. The application must be in writing and must include all necessary
111.4 documentation of the applicability of this section and any other relevant information that
111.5 the executive director may require.

111.6 (d) Allowable service credit under Minnesota Statutes, sections 422A.15,
111.7 subdivisions 1 and 4, and 422A.19, must be granted by the Minneapolis Employees
111.8 Retirement Fund to the eligible person upon receipt from the applicable eligible person of
111.9 the portion of the prior service credit purchase payment amount payable under paragraph
111.10 (e) in a lump sum.

111.11 (e) Notwithstanding any provision of Minnesota Statutes, section 356.551, to the
111.12 contrary, to obtain the service credit an eligible person must pay an amount equal to
111.13 one-half of the prior service credit purchase payment amount determined under Minnesota
111.14 Statutes, section 356.551. Payment must be made before July 1, 2007, or prior to
111.15 termination of Minneapolis Employees Retirement Fund covered employment, whichever
111.16 is earlier.

111.17 (f) If the eligible person makes the payment under paragraph (e), the city of
111.18 Minneapolis must pay the remaining balance of the prior service credit purchase payment
111.19 amount determined under Minnesota Statutes, section 356.551, within 30 days of the
111.20 payment by the eligible person. The executive director of the Minneapolis Employees
111.21 Retirement Fund must notify the chief financial officer of the city of Minneapolis of
111.22 its payment amount and its payment due date if the eligible person makes the required
111.23 payment. If the city of Minneapolis fails to pay its portion of the required prior service
111.24 credit purchase payment amount, the executive director of the Minneapolis Employees
111.25 Retirement Fund must notify the commissioner of finance of that fact within 30 days of the
111.26 city payment due date and the commissioner of finance must order that the required city
111.27 payment be deducted from any state aid otherwise payable to the city and be transmitted
111.28 to the Minneapolis Employees Retirement Fund.

111.29 **Sec. 15. EFFECTIVE DATE.**

111.30 (a) Sections 1 to 11 and 13 are effective the day following final enactment.

111.31 (b) Section 12 is effective the day following the date on which the city council of
111.32 the city of St. Paul and its chief clerical officer timely complete their compliance with
111.33 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

111.34 (c) Section 14 is effective the day following the date on which the city council of the
111.35 city of Minneapolis and its chief clerical officer timely complete their compliance with
111.36 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

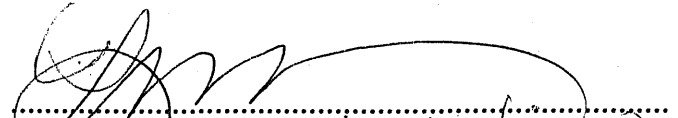
112.1 (d) Section 12 expires July 1, 2007."

112.2 Amend the title accordingly

112.3 And when so amended the bill do pass and be re-referred to the Committee on
112.4 Finance. Amendments adopted. Report adopted.

112.5

112.6


.....
(Committee Chair) *Ludathiggin's*

112.7

112.8

March 1, 2006
(Date of Committee recommendation)

~~Amber~~ Larry Martin

CONTRIBUTION INCREASES — 2006 OMNIBUS RETIREMENT
BILL I

MSRS - GENERAL

1ST INCREMENT

EER \$ 5.2 million

EER \$ 5.2 million

All INCREMENTS

EER \$ 20.8 million

EER 20.8 million

MSAS - CORRECTONAL

1ST INCREMENT

EER \$ 1.04 million

EER 1.65 million

All INCREMENTS

EER \$ 4.3 million

EER \$ 6.4 million

STATE PATROL

1ST INCREMENT

EER \$ 0.4 million

EER \$ 0.6 million

All INCREMENTS

EER \$ 1.1 million

EER \$ 1.65 million

Sect 4 Art 4
pagemiller

read:

Subdivision 1. **GENERALLY.** In the event a member of the police and fire fund dies from any cause before retirement or after becoming disabled and receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and who was married to the member for a period of at least one year, except that if death occurs in the line of duty no time limit is required. For purposes of this section, line of duty also includes active military service, as defined in section 190.05, subdivision 5. The association shall also grant survivor benefits to a dependent child or children, as defined in section 353.01, subdivision 15.

Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

The spouse and child or children are entitled to monthly benefits as provided in the following subdivisions.

EFFECTIVE DATE. This section is effective immediately and applies to members of the police and fire fund at any time on or after September 11, 2001.

Sec. 98. **[354B.33] IRON RANGE RESOURCES AND REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

New language is indicated by underline, deletions by ~~strikeout~~.