

Senator moves to amend S.F. No. 2884, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2024, section 352.115, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) applies.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service and pro rata for completed months less than a full year determines the amount of the retirement annuity to which the employee is entitled.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by 1.7 percent for each year of allowable service and pro rata for completed months less than a full year determines the amount of the retirement annuity to which the employee is entitled.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.7 percent for each year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 352.22, subdivision 2b, is amended to read:

Subd. 2b. **Refund repayment.** Any person who has received a refund from the state employees retirement plan, or the correctional state employees retirement plan and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the ~~state employees retirement plan~~ from which the refund was paid. If a refund is repaid to the plan and more than one refund has been received from the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 352.22, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity.** (a) After separation from state service, an employee who ~~has at least three years of allowable service if employed before July 1, 2010, or who has at least five years of allowable service if employed after June 30, 2010, when termination occurs~~ may elect to leave the employee's accumulated contributions in the retirement fund and thereby be entitled to a deferred retirement annuity: if the employee:

(1) is a member of the state employees retirement plan and satisfies the allowable service requirement under section 352.115, subdivision 1, applicable to the employee; or

(2) is a member of the correctional state employees retirement plan and satisfies the allowable service requirement under section 352.925 applicable to the employee.

(b) The annuity must be computed under the law in effect when the employee separates from state service ~~terminated~~, on the basis of the allowable service credited to the person before the ~~termination of~~ separation from state service.

~~(b)~~ (c) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

~~(e)~~ (d) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

~~(d)~~ (e) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

~~(e)~~ (f) Deferred annuities must be augmented as provided in subdivision 3a.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 4. Minnesota Statutes 2024, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) Recipients of a retirement annuity, disability benefit, or survivor benefit from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

~~(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;~~

~~(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;~~

~~(3)~~ (1) effective January 1, ~~2024~~ 2026, and thereafter, a postretirement increase of ~~1.5~~ 1.75 percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) (2) effective January 1, ~~2024~~ 2026, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~4.5~~ 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the ~~covered~~ Minnesota State Retirement plan System requesting that the increase not be made.

EFFECTIVE DATE. This section is effective for postretirement adjustments beginning on or after January 1, 2026.

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2024, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Any public employees employee whose salary from one governmental subdivision exceeds is expected to exceed \$425 in any month and who are is not specifically excluded under subdivision 2b or have has not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate beginning on the employee's first day of employment as members a member of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. For any employee whose salary is not expected to exceed \$425 in any month, membership commences as a condition of employment on the first day of employment or on the first day that the employee's salary exceeds \$425 and the other eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b;

(9) employees of the Minnesota River Area Agency on Aging who were first employed by a Regional Development Commission before January 1, 2016, and who are not excluded employees under subdivision 2b; and

(10) employees of the Public Employees Retirement Association.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire plan:

(1) persons whose salary from one governmental subdivision never exceeds or is never expected to exceed \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elected office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elected position;

(3) election judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension

plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

(10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(11) for the first three years of employment, foreign citizens who are employed by a governmental subdivision, except that the following foreign citizens must be considered included employees under subdivision 2a:

(i) H-1B, H-1B1, and E-3 status holders;

(ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

(iii) employees legally authorized to work in the United States for three years or more; and

(iv) employees otherwise required to participate under federal law;

8.1 (12) public hospital employees who elected not to participate as members of the
8.2 association before 1972 and who did not elect to participate from July 1, 1988, to October
8.3 1, 1988;

8.4 (13) ~~except as provided in section 353.86,~~ volunteer ambulance service personnel, as
8.5 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
8.6 may still qualify as public employees under subdivision 2 and may be members of the Public
8.7 Employees Retirement Association and participants in the general employees retirement
8.8 plan or the public employees police and fire plan, whichever applies, on the basis of
8.9 compensation received from public employment service other than service as volunteer
8.10 ambulance service personnel;

8.11 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
8.12 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
8.13 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
8.14 and may be a member of the Public Employees Retirement Association and a participant
8.15 in the general employees retirement plan or the public employees police and fire plan,
8.16 whichever applies, on the basis of compensation received from public employment activities
8.17 other than those as a volunteer firefighter;

8.18 (15) employees in the building and construction trades, as follows:

8.19 (i) pipefitters and associated trades personnel employed by Independent School District
8.20 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
8.21 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
8.22 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
8.23 12;

8.24 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed
8.25 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage
8.26 under a collective bargaining agreement by the electrical workers local 110 pension plan,
8.27 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either
8.28 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be
8.29 excluded under Laws 2000, chapter 461, article 7, section 5;

8.30 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
8.31 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School
8.32 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
8.33 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633
8.34 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied

trades local 61 pension plan, or the plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(iv) plumbers employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the electrical workers local 292 pension plan or the pipefitters local 539 pension plan, who were first employed before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11, section 5;

(vi) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees with coverage under a collective bargaining agreement by a multiemployer plan as defined in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018, or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter 211, article 16, section 13; and

(vii) employees who are trades employees as defined in section 356.27, subdivision 1, first hired on or after July 1, 2020, by the city of St. Paul or Independent School District No. 625, St. Paul, except for any trades employee for whom contributions are made under section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer plan as defined in section 356.27, subdivision 1;

(16) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to a period of six months or less in each year of employment with the governmental subdivision;

(17) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(18) independent contractors and the employees of independent contractors;

10.1 (19) reemployed annuitants of the association during the course of that reemployment;

10.2 (20) persons appointed to serve on a board or commission of a governmental subdivision
10.3 or an instrumentality thereof;

10.4 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
10.5 Transit Commission who are members of the International Brotherhood of Teamsters Local
10.6 638 and who are, by virtue of that employment, members of the International Brotherhood
10.7 of Teamsters Central States pension plan; and

10.8 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who
10.9 are members of the Teamsters General Local Union 346 and who are, by virtue of that
10.10 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

10.11 (b) Any person performing the duties of a public officer in a position defined in
10.12 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
10.13 employee of an independent contractor.

10.14 **EFFECTIVE DATE.** This section is effective July 1, 2025.

10.15 Sec. 3. Minnesota Statutes 2024, section 353.01, subdivision 2d, is amended to read:

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

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

10.22 (2) persons who are elected or ~~persons who are appointed to elected positions,~~ other
10.23 than local governing body elected positions, and who elect to participate within 30 days of
10.24 taking office by filing completing and signing a written election for membership election
10.25 on a form prescribed by the executive director of the association and filing the membership
10.26 election with the association within 60 days of taking office;

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

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

11.1 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003, who were
11.2 at least age 45 on that date, and who elected to participate by ~~filing a written~~ completing
11.3 and signing a membership election ~~for membership~~.

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

11.6 (1) the Minnesota Association of Townships if the board of that association, at its option,
11.7 certifies to the executive director that its employees who meet the conditions set forth in
11.8 subdivision 2a are to be included for purposes of retirement coverage, in which case the
11.9 status of the association as a participating employer is permanent;

11.10 (2) a county historical society if the county in which the historical society is located, at
11.11 its option, certifies to the executive director that the employees of the historical society who
11.12 meet the conditions set forth in subdivision 2a are to be considered county employees for
11.13 purposes of retirement coverage under this chapter. The status as a county employee must
11.14 be accorded to all similarly situated county historical society employees and, once established,
11.15 must continue as long as a person is an employee of the county historical society; and

11.16 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to employees
11.17 other than paramedics, emergency medical technicians, and protection officers, if the
11.18 corporate board establishes alternative retirement plans for certain classes of employees of
11.19 the corporation and certifies to the association the applicable employees to be excluded
11.20 from future retirement coverage.

11.21 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered
11.22 by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the
11.23 employee is excluded from retirement coverage under this chapter. For employees who are
11.24 covered by paragraph (a), clause (4), if the necessary election of exclusion is not made, the
11.25 employee must become a member and have retirement coverage under the applicable
11.26 provisions of this chapter. For employees specified in paragraph (b), clause (3), membership
11.27 continues until the exclusion option is exercised for the designated class of employee.

11.28 (d) The option to become a member, once exercised under this subdivision, may not be
11.29 withdrawn until the termination of public service as defined under subdivision 11a.

11.30 **EFFECTIVE DATE.** This section is effective July 1, 2025.

11.31 Sec. 4. Minnesota Statutes 2024, section 353.028, subdivision 2, is amended to read:

11.32 Subd. 2. **Election.** (a) A city manager first employed by a city may make a onetime,
11.33 irrevocable election to be excluded from membership in the general employees retirement

plan of the association. The election of exclusion must be made within 30 days following the commencement of employment, must be made in writing on a form prescribed by the executive director, ~~and~~ must be approved by a resolution adopted by the governing body of the city, and must be filed with the association within 60 days of commencing employment.

The election of exclusion is not effective until it is filed with the executive director.

Membership of a city manager in the general employees retirement plan ceases on the date the written election of exclusion is received by the executive director. Employee and employer contributions made during the first ~~30~~ 60 days of employment on behalf of a person exercising the option to be excluded from membership under this paragraph must be refunded or credited in accordance with section 353.27, subdivision 7.

(b) A city manager who has previously been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city is not eligible to make the election under paragraph (a).

(c) Any election under paragraph (a) must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 353.028, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program that meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and section 356.24, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution that would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D. ~~Any~~ An election and agreement under this paragraph must be entered into within 30 days following the commencement of employment.

13.1 **EFFECTIVE DATE.** This section is effective July 1, 2025.

13.2 Sec. 6. Minnesota Statutes 2024, section 353.27, subdivision 3a, is amended to read:

13.3 Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution
13.4 to the general employees retirement fund of the Public Employees Retirement Association
13.5 must be made equal to the following applicable percentage of the total salary amount for
13.6 "basic members" and for "coordinated members":

13.7		Basic Program	Coordinated Program
13.8	Effective before January 1, 2006	2.68	.43
13.9	Effective January 1, 2006	2.68	.5
13.10	Effective January 1, 2009	2.68	.75
13.11	Effective January 1, 2010	2.68	1

13.12 These contributions must be made from funds available to the employing subdivision
13.13 by the means and in the manner provided in section 353.28.

13.14 ~~(b) The coordinated program contribution rates set forth in paragraph (a) effective for~~
13.15 ~~January 1, 2010, must not be implemented if, following receipt of the July 1, 2009, annual~~
13.16 ~~actuarial valuation report under section 356.215, respectively, the actuarially required~~
13.17 ~~contributions are equal to or less than the total rates under this section in effect as of January~~
13.18 ~~1, 2008.~~

13.19 ~~(c)~~ (b) This subdivision is repealed once the actuarial value of the assets of the general
13.20 employees retirement plan of the Public Employees Retirement Association equal or exceed
13.21 98 percent of the actuarial accrued liability of the plan as determined by the actuary retained
13.22 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full
13.23 pay period occurring after March 31 of the calendar year following the issuance of the
13.24 actuarial valuation upon which the repeal is based.

13.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.26 Sec. 7. Minnesota Statutes 2024, section 353.34, subdivision 5, is amended to read:

13.27 Subd. 5. **Right to a refund generally unlimited.** The right to a refund provided in this
13.28 chapter, ~~and laws amendatory thereof,~~ is not restricted as to time ~~unless specifically provided~~
13.29 ~~and the statute of limitation does not apply thereto.~~

13.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.1 Sec. 8. Minnesota Statutes 2024, section 353E.06, subdivision 1, is amended to read:

14.2 Subdivision 1. **Duty disability qualification requirements.** A member who is determined
14.3 to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to
14.4 a disability benefit. The disability benefit must be based on covered service under this
14.5 chapter only and is an amount equal to 47.5 percent of the average salary defined in section
14.6 353E.04, subdivision 2, plus ~~an additional 1.9 percent,~~ for each year of covered service
14.7 under this chapter in excess of 25 years.:

14.8 (1) 1.9 percent for each year of allowable service beginning before July 1, 2025; and

14.9 (2) 2.2 percent for each year of allowable service beginning after June 30, 2025.

14.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.11 Sec. 9. Minnesota Statutes 2024, section 356.415, subdivision 1b, is amended to read:

14.12 Subd. 1b. **Annual postretirement adjustments; ~~PERA~~ Public Employees Retirement**
14.13 **Association; general employees retirement plan.** (a) Annuities, disability benefits, and
14.14 survivor benefits being paid from the general employees retirement plan of the Public
14.15 Employees Retirement Association shall be increased effective each January 1 by the
14.16 percentage of increase determined under this subdivision. The increase to the annuity or
14.17 benefit shall be determined by multiplying the monthly amount of the annuity or benefit by
14.18 the percentage of increase specified in paragraph (b), after taking into account any reduction
14.19 to the percentage of increase required under paragraph ~~(c)~~ (d).

14.20 (b) The percentage of increase shall be one percent unless the federal Social Security
14.21 Administration has announced a cost-of-living adjustment pursuant to United States Code,
14.22 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than
14.23 ~~two one~~ one percent. If the cost-of-living adjustment announced by the federal Social Security
14.24 Administration is greater than ~~two one~~ one percent, the percentage of increase ~~shall be 50 percent~~
14.25 ~~of~~ must be the same as the cost-of-living adjustment announced by the federal Social Security
14.26 Administration, but in no event may the percentage of increase exceed ~~1.5 percent~~ the
14.27 applicable maximum percentage in effect on January 1 under paragraph (c).

14.28 (c) The applicable maximum percentage in effect on January 1 is 1.75 percent, unless
14.29 either of the following is true, in which case the applicable maximum percentage is 1.5
14.30 percent:

14.31 (1) the market value of assets equals or is less than 85 percent of the actuarial accrued
14.32 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial
14.33 valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

~~(e)~~ (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

~~(d)~~ (e) An increase in annuity or benefit payments under this ~~section~~ subdivision must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

EFFECTIVE DATE. This section is effective for postretirement adjustments beginning on or after January 1, 2026.

ARTICLE 3

PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

Section 1. Minnesota Statutes 2024, section 353D.01, subdivision 2, is amended to read:

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

(1) any elected or appointed local government official of a governmental subdivision who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the service rendered to a governmental subdivision, is not a member of the association within the meaning of section 353.01, subdivision 7;

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

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

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

(5) members of the municipal rescue squad associated with the city of Eden Valley in Stearns and Meeker Counties who are not eligible for membership in the police and fire retirement plan or a firefighter relief association affiliated with the city and who elect to participate in the plan under section 353D.02, subdivision 4, paragraph (b);

~~(5)~~ (6) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the association under section 353.01, subdivision 7;

~~(6)~~ (7) city managers who elected to be excluded from the general employees retirement plan of the association under section 353.028 and who elected to participate in the public employees defined contribution plan under section 353.028, subdivision 3, paragraph (b);

~~(7)~~ (8) volunteer or emergency on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the police and fire retirement plan and who are not covered by a firefighters relief association and who elect to participate in the public employees defined contribution plan;

~~(8)~~ (9) any elected county sheriff who is a former member of the police and fire plan, is receiving a retirement annuity as provided under section 353.651, ~~who~~ and does not have previous employment with the county for which the sheriff was elected; and

~~(9)~~ (10) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

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

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

EFFECTIVE DATE. This section is effective the day following final enactment.

17.1 Sec. 2. Minnesota Statutes 2024, section 353D.02, subdivision 1, is amended to read:

17.2 Subdivision 1. **Local government officials.** Eligible elected or appointed local
17.3 government officials may elect to participate in the defined contribution plan within the
17.4 first 30 days of ~~being elected or appointed to~~ taking public office by ~~filing~~ completing and
17.5 signing a membership ~~application~~ election on a form prescribed by the executive director
17.6 of the association authorizing contributions to be deducted from the official's salary.
17.7 Participation begins on the first day of the pay period for which the contributions were
17.8 deducted or, if pay period coverage dates are not provided, the date on which the membership
17.9 ~~application~~ election or contributions are received in the office of the association, whichever
17.10 is received first, provided further that the membership ~~application~~ election is received by
17.11 the association within 60 days of ~~the receipt of the contributions~~ taking office. An election
17.12 to participate in the plan is irrevocable.

17.13 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.14 Sec. 3. Minnesota Statutes 2024, section 353D.02, subdivision 2, is amended to read:

17.15 Subd. 2. **Eligible physicians.** Eligible physicians may elect to participate in the defined
17.16 contribution plan within the first 30 days of commencing employment with a government
17.17 subdivision under section 353.01, subdivision 6, by ~~filing~~ completing and signing a
17.18 membership ~~application~~ election on a form prescribed by the executive director of the
17.19 association authorizing contributions to be deducted from the physician's salary and filing
17.20 the membership election with the association within 60 days of commencing employment.
17.21 Participation begins on the first day of the pay period for which the contributions were
17.22 deducted. An election to participate in the defined contribution plan is irrevocable.

17.23 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.24 Sec. 4. Minnesota Statutes 2024, section 353D.02, subdivision 3, is amended to read:

17.25 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with
17.26 eligible personnel may elect to participate in the plan. If a service elects to participate, its
17.27 eligible personnel may elect to participate or decline to participate. An individual's
17.28 membership election must be made within 30 days of the service's election to participate
17.29 or within 30 days of the date on which the individual began employment with the service
17.30 or began to provide service for it, whichever date is later. The membership election must
17.31 be received by the association within 60 days of the service's election to participate or within
17.32 60 days of the date on which the individual first began employment, whichever is later. An
17.33 election by a service or an individual is irrevocable.

18.1 **EFFECTIVE DATE.** This section is effective July 1, 2025.

18.2 Sec. 5. Minnesota Statutes 2024, section 353D.02, subdivision 4, is amended to read:

18.3 Subd. 4. **Eligible rescue squad personnel members.** (a) The municipality or county,
18.4 as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph
18.5 (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable,
18.6 elects to participate, the eligible personnel may elect to participate or decline to participate.
18.7 An eligible individual's membership election must be made within 30 days of the ~~service's~~
18.8 municipality's or county's election to participate or within 30 days of the date on which the
18.9 individual first began employment with the rescue squad, whichever is later. ~~Elections under~~
18.10 ~~this subdivision by a government unit or individual are irrevocable.~~ The membership election
18.11 must be received by the association within 60 days of the municipality's or county's election
18.12 to participate or within 60 days of the date on which the individual first began employment,
18.13 whichever is later. The municipality or county, as applicable, must specify by resolution
18.14 eligibility requirements for rescue squad personnel which must be satisfied if the individual
18.15 is to be authorized to make the membership election under this subdivision.

18.16 (b) An eligible member under section 353D.01, subdivision 2, paragraph (a), clause (5),
18.17 may elect to participate or decline to participate in the plan within 30 days of the date on
18.18 which the member first begins service with the rescue squad.

18.19 (c) Elections under this subdivision by a government unit or individual are irrevocable.

18.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.21 Sec. 6. Minnesota Statutes 2024, section 353D.02, subdivision 5, is amended to read:

18.22 Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the
18.23 city of St. Paul who do not elect to participate in the general employees retirement plan may
18.24 elect within the first 30 days of commencing employment to participate in the plan by ~~filing~~
18.25 completing and signing a membership application election on a form prescribed by the
18.26 executive director of the association authorizing contributions to be deducted from the
18.27 employee's salary. Participation begins on the first day of the pay period for which the
18.28 contributions were deducted or, if pay period coverage dates are not provided, the date on
18.29 which the membership ~~application~~ election or the contributions are received in the office
18.30 of the association, whichever is received first, if provided the membership ~~application~~
18.31 election is received by the association within 60 days of ~~the receipt of the contributions~~
18.32 commencing employment. An election to participate in the plan is irrevocable.

19.1 **EFFECTIVE DATE.** This section is effective July 1, 2025.

19.2 Sec. 7. Minnesota Statutes 2024, section 353D.02, subdivision 6, is amended to read:

19.3 Subd. 6. **City managers.** Any city ~~managers~~ manager who elected to be excluded within
19.4 30 days of commencing employment from the general employees retirement plan of the
19.5 Public Employees Retirement Association under section 353.028, subdivision 2, and who
19.6 ~~elected to participate in the plan~~ entered into an agreement under section 353.028, subdivision
19.7 3, paragraph (b), with the governing body of the city by which the city manager is employed
19.8 to have the city make contributions to the defined contribution plan under chapter 353D
19.9 must file ~~that an~~ election with the ~~executive director~~ association within the first ~~30~~ 60 days
19.10 of commencing employment to participate in the defined contribution plan. The city manager
19.11 must complete and sign a membership election on a form prescribed by the executive director
19.12 of the association. Participation begins on the first day of the pay period next following the
19.13 date of the coverage election. An election to participate by a city manager is irrevocable.

19.14 **EFFECTIVE DATE.** This section is effective July 1, 2025.

19.15 Sec. 8. Minnesota Statutes 2024, section 353D.02, subdivision 7, is amended to read:

19.16 Subd. 7. **Certain volunteer firefighters.** Volunteer or on-call firefighters who are serving
19.17 as members of a municipal fire department or an independent nonprofit firefighting
19.18 corporation and who are not covered for that firefighting service by the public employees
19.19 police and fire retirement plan under sections 353.63 to 353.68, by a firefighters relief
19.20 association under chapter 424A, or by the statewide volunteer firefighter retirement plan
19.21 under chapter 353G may elect to participate in the plan within the first 30 days of
19.22 commencing service by completing and signing a membership election on a form prescribed
19.23 by the executive director of the association. The membership election must be filed with
19.24 the association within 60 days of commencing service. An eligible firefighter's election is
19.25 irrevocable. No employer contribution is payable by the fire department or the firefighting
19.26 corporation unless the municipal governing body or the firefighting corporation governing
19.27 body, whichever applies, ratifies the membership election.

19.28 **EFFECTIVE DATE.** This section is effective July 1, 2025.

ARTICLE 4

PERA PRIVATIZATION

Section 1. Minnesota Statutes 2024, section 353F.01, is amended to read:

353F.01 PURPOSE AND INTENT.

The purpose of this chapter is to ensure, to the extent possible, that persons employed ~~at public medical facilities who~~ by governmental subdivisions that are privatized and consequently are excluded from retirement coverage by the Public Employees Retirement Association will be entitled to receive future retirement benefits under the general employees retirement plan of the Public Employees Retirement Association commensurate with the prior contributions made by them or made on their behalf upon the privatization of the ~~medical facility~~ governmental subdivision.

Sec. 2. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to read:

Subd. 2a. **Association.** "Association" means the Public Employees Retirement Association established under chapter 353.

Sec. 3. Minnesota Statutes 2024, section 353F.02, subdivision 3, is amended to read:

Subd. 3. **Effective date of privatization.** "Effective date of privatization" means the date that ~~the operation of a medical facility is assumed by another~~ a governmental subdivision becomes a privatized employer or the date that a ~~medical facility~~ governmental subdivision is purchased ~~by another employer in a privatization~~ and active membership in the ~~Public Employees Retirement~~ association consequently terminates.

Sec. 4. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to read:

Subd. 3b. **Funding ratio.** "Funding ratio" means the actuarial value of assets of the general employees retirement fund, divided by the present value of accrued benefits for the fund, expressed as a percentage.

21.1 Sec. 5. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to
21.2 read:

21.3 Subd. 3c. **General employees retirement fund.** "General employees retirement fund"
21.4 means the general employees retirement fund as defined under section 353.27, subdivision
21.5 1.

21.6 Sec. 6. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to
21.7 read:

21.8 Subd. 3d. **General employees retirement plan.** "General employees retirement plan"
21.9 or "general plan" means the general employees retirement plan of the association established
21.10 under chapter 353.

21.11 Sec. 7. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to
21.12 read:

21.13 Subd. 3e. **Governmental subdivision.** "Governmental subdivision" has the meaning
21.14 given in section 353.01, subdivision 6.

21.15 Sec. 8. Minnesota Statutes 2024, section 353F.02, subdivision 4b, is amended to read:

21.16 Subd. 4b. **Privatization.** "Privatization" means ~~a medical facility that privatizes when~~
21.17 ~~the facility~~ the process of privatizing, through which a governmental subdivision ceases to
21.18 be a governmental subdivision for any reason other than that the ~~medical facility~~
21.19 governmental subdivision closes or permanently ceases to operate.

21.20 Sec. 9. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to
21.21 read:

21.22 Subd. 4c. **Privatize or privatizing.** "Privatize" or "privatizing" means to engage in a
21.23 transaction, including a sale to, acquisition by, or merger with an entity or a sale to or
21.24 acquisition by one or more individuals, or a series of such transactions that result in a
21.25 governmental subdivision ceasing to be a governmental subdivision on or after the effective
21.26 date of privatization. Privatize or privatizing does not mean ceasing to be a governmental
21.27 subdivision because the subdivision closed or permanently ceased to operate.

21.28 Sec. 10. Minnesota Statutes 2024, section 353F.02, subdivision 5a, is amended to read:

21.29 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"
21.30 ~~means a medical facility that was included in the definition of~~ an entity that was a

22.1 governmental subdivision ~~under section 353.01, subdivision 6~~, on the day before the effective
22.2 date of privatization ~~that is privatized~~ and whose employees are ~~certified for participation~~
22.3 ~~under this chapter~~ privatized employees.

22.4 Sec. 11. Minnesota Statutes 2024, section 353F.02, subdivision 6, is amended to read:

22.5 Subd. 6. **Privatized former public employee.** (a) "Privatized ~~former public~~ employee"
22.6 means a person who, before the effective date of the privatization of a governmental
22.7 subdivision:

22.8 (1) was employed by the ~~privatized former public employer on the day before the effective~~
22.9 ~~date of privatization; or~~ governmental subdivision; and

22.10 (2) ~~terminated employment with the privatized former public employer on the day before~~
22.11 ~~the effective date; and~~

22.12 (3) (2) was a ~~participant in~~ member of the general employees retirement plan ~~of the~~
22.13 ~~Public Employees Retirement Association at the time of termination of employment with~~
22.14 ~~the privatized former public employer~~ for the period of employment with the governmental
22.15 subdivision.

22.16 (b) Privatized ~~former public~~ employee does not mean a person who, on the day before
22.17 the effective date of privatization, was simultaneously employed with the privatized ~~former~~
22.18 ~~public~~ employer and by a governmental subdivision ~~under section 353.01, subdivision 6~~;
22.19 and who, after the effective date of privatization, continues to accrue service credit under
22.20 section 353.01, subdivision 16, through simultaneous employment with a governmental
22.21 subdivision.

22.22 Sec. 12. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision
22.23 to read:

22.24 Subd. 6a. **Privatizing active employee.** "Privatizing active employee" means a privatized
22.25 employee who was employed by the privatizing governmental subdivision on the day before
22.26 the effective date of the privatization.

23.1 Sec. 13. Minnesota Statutes 2024, section 353F.025, is amended to read:

23.2 **353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL**
23.3 **FACILITIES AND OTHER PUBLIC EMPLOYING UNITS WITHDRAWAL**
23.4 **LIABILITY.**

23.5 Subdivision 1. **Eligibility determination and calculation of withdrawal liability.** (a)
23.6 ~~The chief clerical~~ This section applies to any governmental subdivision that privatizes.

23.7 (b) Before the effective date of privatization, an officer of a the governmental subdivision
23.8 may that is privatizing or that has control or ownership of an entity that is privatizing must
23.9 submit to the executive director a resolution from the governing body to the executive
23.10 director of the Public Employees Retirement Association which supports providing coverage
23.11 under this chapter for employees of that governmental subdivision who are privatized, and
23.12 which states that the governing body will pay for actuarial calculations, as further specified
23.13 in paragraph (c). of the governmental subdivision stating the following:

23.14 (1) that it is the intention of the governmental subdivision to privatize or to engage in a
23.15 privatization that will result in the controlled or owned entity becoming privatized; and

23.16 (2) that the governmental subdivision will reimburse the association for the cost to
23.17 calculate withdrawal liability under paragraph (d).

23.18 ~~(b)~~ (c) The governing body must also provide to the executive director a copy of any
23.19 applicable the purchase or, lease, or other transaction agreement and any other information
23.20 requested by the executive director to allow the executive director to verify that under the
23.21 proposed employer change, determine whether the new employer does not qualify as, after
23.22 the privatization, will be a governmental subdivision under section 353.01, subdivision 6
23.23 or a privatized employer, making the employees ineligible for continued coverage as active
23.24 members of the general employees retirement plan of the Public Employees Retirement
23.25 Association.

23.26 ~~(c)~~ Following (d) If, within 30 days after receipt of a the resolution and a determination
23.27 by information under paragraph (b), the executive director determines that the new employer
23.28 is after the privatization will not be a governmental subdivision, the executive director shall
23.29 must direct the consulting actuary retained by the association under section 356.214 to
23.30 determine whether the general employees retirement plan of the Public Employees Retirement
23.31 Association, if coverage under this chapter is provided, is expected to receive a net gain or
23.32 a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special
23.33 benefit coverage provided under this chapter, if extended to the applicable employees under
23.34 the privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss

~~is expected if the actuarial accrued liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date of privatization calculate the withdrawal liability to be incurred by the privatized employer on the effective date of the privatization. Withdrawal liability and present value must be calculated as provided in paragraphs (e) and (f), respectively.~~

(e) Withdrawal liability is equal to the present value of accrued benefits attributable to the privatizing active employees minus the product of:

(1) the present value of accrued benefits attributable to the privatizing active employees; and

(2) the general plan's funding ratio.

If the withdrawal liability is a negative number, the withdrawal liability is zero. Withdrawal liability must be calculated using the most recently completed actuarial valuation before the effective date of privatization.

(f) Present value of accrued benefits is determined using the actuarial assumptions under section 356.215, subdivision 8, for the general plan. The present value of accrued benefits does not include projected compensation or projected service.

(g) The governmental subdivision must reimburse the association for the cost of calculating the withdrawal liability.

Subd. 1a. **Payment of withdrawal liability.** No later than six months after the effective date of privatization, the privatized employer must pay the withdrawal liability calculated under subdivision 1 to the general employees retirement fund, unless the privatized employer elects a payment plan. In lieu of a single withdrawal liability payment, the privatized employer may elect to pay the withdrawal liability with interest compounded annually at the applicable rate or rates specified in section 356.59, subdivision 3, in equal annual payments for a term of no longer than ten years. The obligation to pay under this subdivision is binding upon the privatized employer and its successors and assignees.

Subd. 2. **Reporting privatizations.** (a) ~~If the actuarial calculations under subdivision 1, paragraph (c), indicate privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement association is expected, or if paragraph (b) applies, the executive director shall, following acceptance of the actuarial calculations by~~ The association must maintain a record of the consulting actuary's calculation

25.1 of withdrawal liability under subdivision 1 and any associated report. The calculation and
25.2 any associated report must be made publicly available and provided to:

25.3 (1) the board of trustees, forward notice and supporting documentation, including a copy
25.4 of the actuary's report and findings, to;

25.5 (2) the chair and the executive director of the Legislative Commission on Pensions and
25.6 Retirement; and

25.7 (3) the chairs and the ranking minority members of the legislative committees with
25.8 jurisdiction over governmental operations in the house of representatives and senate.

25.9 ~~(b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive~~
25.10 ~~director shall recommend to the board of trustees that the privatization be approved if the~~
25.11 ~~chief clerical officer of the applicable governmental subdivision submits a resolution from~~
25.12 ~~the governing body specifying that a lump sum payment will be made to the Public~~
25.13 ~~Employees Retirement Association equal to the net loss, plus interest. The interest must be~~
25.14 ~~computed using the applicable ultimate investment return assumption under section 356.215,~~
25.15 ~~subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from~~
25.16 ~~which the actuarial accrued liability data was used to determine the net loss in the actuarial~~
25.17 ~~study under subdivision 1, to the date of payment, with annual compounding. Payment must~~
25.18 ~~be made on or after the effective date of privatization.~~

25.19 ~~(e) (b)~~ The Public Employees Retirement association must maintain a list that includes
25.20 the names of all privatized former public employers in the association's annual comprehensive
25.21 annual financial report and on the association's website. Beginning July 1, 2027, the
25.22 association must also include in the list the amount of the withdrawal liability determined
25.23 as of the effective date of privatization and the remaining amount, if any, of withdrawal
25.24 liability due to be paid for each privatized employer.

25.25 Sec. 14. Minnesota Statutes 2024, section 353F.03, is amended to read:

25.26 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

25.27 Notwithstanding any provision of chapter 353 to the contrary, a privatized former public
25.28 employee is eligible to receive a retirement annuity under section 353.29 of the edition of
25.29 Minnesota Statutes published in the year before the year in which the privatization occurred,
25.30 without regard to the requirement specified in section 353.01, subdivision 47.

Sec. 15. Minnesota Statutes 2024, section 353F.04, is amended to read:

353F.04 AUGMENTATION INTEREST RATES FOR PRIVATIZED FORMER PUBLIC EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a privatized former public employee is subject to augmentation under section 353.34, subdivision 3, except that the rate of augmentation is as specified in this section.

(b) This paragraph applies if the effective date of privatization was on or before January 1, 2007, and also applies to Hutchinson Area Health Care with a privatization effective date of January 1, 2008. For a privatized former public employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the person privatized employee attains age 55. After that date, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, and if the effective date of the privatization is after January 1, 2007, and before January 1, 2011, then the augmentation rate is four percent compounded annually until January 1, following the year in which the person privatized employee attains age 55. After that date, the augmentation rate is six percent compounded annually.

(d) If the effective date of the privatization is after December 31, 2010, the augmentation rate depends on the result of computations specified in section 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of the general employees retirement plan of the Public Employees Retirement Association fund, the augmentation rate is two percent compounded annually. If the computations under that subdivision indicate a net loss to the fund if a two percent augmentation rate is used, but a net gain or no loss if a one percent rate is used, then the augmentation rate is one percent compounded annually.

(e) Notwithstanding paragraphs (b) to (d), after June 30, 2020, and before January 1, 2024, the augmentation rate for all privatized former public employees under paragraphs (b) to (d) is two percent compounded annually. After December 31, 2023, no additional augmentation is applied to the deferred annuities of privatized former public employee's deferred annuity employees.

Subd. 2. **Exceptions.** The augmentation rates specified in subdivision 1 do not apply to a privatized former public employee:

(1) beginning the first of the month in which the privatized former public employee becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,

27.1 if the employee accrues at least six months of credited service in any single plan enumerated
27.2 in section 356.30, subdivision 3, except clause (6);

27.3 (2) beginning the first of the month in which the privatized ~~former public~~ employee
27.4 becomes covered again by the general employees retirement plan of the ~~Public Employees~~
27.5 ~~Retirement Association~~;

27.6 (3) beginning the first of the month after a privatized ~~former public~~ employee terminates
27.7 service with the privatized ~~former public~~ employer;

27.8 (4) if the privatized ~~former public~~ employee begins receipt of a retirement annuity while
27.9 employed by the privatized ~~former public~~ employer; or

27.10 (5) if the effective date of privatization occurs after June 30, 2020.

27.11 Sec. 16. Minnesota Statutes 2024, section 353F.05, is amended to read:

27.12 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**
27.13 **EARLY RETIREMENT PURPOSES.**

27.14 (a) For the purpose of determining eligibility for early retirement benefits provided under
27.15 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year
27.16 before the year in which the privatization occurred, and notwithstanding any provision of
27.17 chapter 353; to the contrary, the years of allowable service for a privatized ~~former public~~
27.18 employee who transfers employment on the effective date of privatization and does not
27.19 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of
27.20 Minnesota Statutes published in the year before the year in which the privatization occurred,
27.21 or any similar provision, includes service with the privatized ~~former public~~ employer
27.22 following the effective date. The privatized ~~former public~~ employer shall provide any reports
27.23 that the executive director of the ~~Public Employees Retirement Association~~ may reasonably
27.24 request to permit calculation of benefits.

27.25 (b) To be eligible for early retirement benefits under this section, the individual privatized
27.26 employee must separate from service with the privatized ~~former public~~ employer. The
27.27 privatized ~~former public~~ employee, or an individual authorized to act on behalf of that
27.28 employee, may apply for an annuity following application procedures under section 353.29,
27.29 subdivision 4.

27.30 Sec. 17. Minnesota Statutes 2024, section 353F.051, subdivision 1, is amended to read:

27.31 Subdivision 1. **Eligibility.** A privatized ~~former public~~ employee who is totally and
27.32 permanently disabled under section 353.01, subdivision 19, and who had a medically

28.1 documented preexisting condition of the disability before the termination of coverage, may
28.2 apply for a disability benefit.

28.3 Sec. 18. Minnesota Statutes 2024, section 353F.051, subdivision 2, is amended to read:

28.4 Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is entitled to
28.5 receive a disability benefit calculated under section 353.33, subdivision 3. ~~The disability~~
28.6 ~~benefit must be augmented under section 353.71, subdivision 2, from the date of termination~~
28.7 ~~to the date the disability benefit begins to accrue.~~

28.8 Sec. 19. Minnesota Statutes 2024, section 353F.052, is amended to read:

28.9 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**
28.10 **PROVISION.**

28.11 Notwithstanding any provisions of law to the contrary, subdivisions within section
28.12 353.32 of the edition of Minnesota Statutes published in the year before the year in which
28.13 a privatization occurred, applicable to the surviving spouse or dependent children of a former
28.14 member as defined in section 353.01, subdivision 7a, apply to the survivors of a privatized
28.15 ~~former public~~ employee.

28.16 Sec. 20. Minnesota Statutes 2024, section 353F.057, is amended to read:

28.17 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

28.18 Upon termination of service from the privatized ~~former public~~ employer after the effective
28.19 date of privatization, a privatized ~~former public~~ employee must separate from any
28.20 employment relationship with the privatized ~~former public~~ employer for at least 30 days to
28.21 qualify to receive a retirement annuity under this chapter.

28.22 Sec. 21. Minnesota Statutes 2024, section 353F.06, is amended to read:

28.23 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**
28.24 **LIMITATIONS.**

28.25 If a privatized ~~former public~~ employee satisfies the separation from service requirement
28.26 in section 353F.057 and thereafter resumes employment with the privatized ~~former public~~
28.27 employer or a governmental subdivision under section 353.01, subdivision 6, the reemployed
28.28 annuitant earnings limitations of section 353.37 apply.

29.1 Sec. 22. Minnesota Statutes 2024, section 353F.07, is amended to read:

29.2 **353F.07 EFFECT ON REFUND.**

29.3 Notwithstanding any provision of chapter 353 to the contrary, privatized ~~former public~~
29.4 employees may receive a refund of employee accumulated contributions plus interest as
29.5 provided in section 353.34, subdivision 2, at any time after the transfer of employment to
29.6 the privatized ~~former public~~ employer. If a privatized ~~former public~~ employee has received
29.7 a refund from a pension plan listed in section 356.30, subdivision 3, the ~~person~~ privatized
29.8 employee may not repay that refund unless the ~~person~~ privatized employee again becomes
29.9 a member of one of those listed plans and complies with section 356.30, subdivision 2.

29.10 Sec. 23. Minnesota Statutes 2024, section 353F.08, is amended to read:

29.11 **353F.08 COUNSELING SERVICES.**

29.12 The privatized ~~former public~~ employer and the executive director ~~of the Public Employees~~
29.13 ~~Retirement Association~~ shall provide privatized ~~former public~~ employees with counseling
29.14 on their benefits available under the general employees retirement plan ~~of the Public~~
29.15 ~~Employees Retirement Association~~ during a mutually agreed-upon period ~~mutually agreed~~
29.16 ~~upon~~ before or after the effective date of privatization.

29.17 Sec. 24. Minnesota Statutes 2024, section 353F.09, is amended to read:

29.18 **353F.09 APPLICATION TO SALES OF PRIVATIZED ~~FORMER PUBLIC~~**
29.19 **EMPLOYERS.**

29.20 A ~~medical facility or other employing unit~~ privatized employer shall cease to be a
29.21 privatized ~~former public~~ employer and its employees shall cease to be considered privatized
29.22 ~~former public~~ employees under this chapter upon the sale of the operations of the ~~medical~~
29.23 ~~facility or~~ employing unit to another employer or the sale of the ~~medical facility or~~ employing
29.24 unit to another employer. The privatized ~~former public~~ employees ~~shall be~~ are entitled to
29.25 benefits accrued under this chapter to the date of the sale, but ~~shall~~ must not accrue additional
29.26 benefits after the date of the sale.

29.27 Sec. 25. **REPEALER.**

29.28 Minnesota Statutes 2024, section 353F.02, subdivision 4a, is repealed.

29.29 Sec. 26. **EFFECTIVE DATE.**

29.30 Sections 1 to 25 are effective July 1, 2027.

ARTICLE 5**MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP**

Section 1. Minnesota Statutes 2024, section 352.01, is amended by adding a subdivision to read:

Subd. 28. **Executive director.** "Executive director" or "director" means the executive director of the system appointed under section 352.03, subdivision 5.

Sec. 2. Minnesota Statutes 2024, section 352.029, subdivision 3, is amended to read:

Subd. 3. **Contributions.** The employee and employer contributions required by section 352.04, or by section 352.92 for employees covered by section ~~352.94~~ 352.905, are the obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph (a), or who chooses coverage under this section. However, the employing labor organization may pay the employer contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section ~~352.94~~ 352.905.

Sec. 3. Minnesota Statutes 2024, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board shall appoint an executive director, ~~in this chapter called the director,~~ on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director must have had at least five years' experience in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must review the performance of the executive director on an annual basis and may grant salary adjustments as a result of the review. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

31.1 Sec. 4. Minnesota Statutes 2024, section 352.90, is amended to read:

31.2 **352.90 POLICY.**

31.3 It is the policy of the legislature to provide special retirement benefits for and special
31.4 contributions by certain correctional employees who may ~~be required~~ need to retire at an
31.5 early age because they lose the mental or physical capacity required to maintain the safety,
31.6 security, discipline, and custody of ~~inmates~~ incarcerated persons at state correctional facilities;
31.7 ~~of or patients and clients in the state-operated forensic services program, which is comprised~~
31.8 ~~of the Minnesota Security Hospital, the forensic nursing home, the forensic transition service,~~
31.9 ~~and the competency restoration program; of patients in or the Minnesota Sex Offender~~
31.10 ~~Program; or of patients in the Minnesota Specialty Health System-Cambridge.~~

31.11 Sec. 5. **[352.901] DEFINITIONS APPLICABLE TO THE CORRECTIONAL PLAN.**

31.12 Subdivision 1. **Terms.** Unless the language or context clearly indicates a different
31.13 meaning is intended, the terms defined in this section have the meanings given. The
31.14 definitions in this section apply only to the correctional employees retirement plan and
31.15 supplement the definitions in section 352.01.

31.16 Subd. 2. **Chief executive officer.** "Chief executive officer" means the Direct Care and
31.17 Treatment chief executive officer appointed under section 246C.08 or a person the chief
31.18 executive officer has delegated responsibilities to under sections 352.90 to 352.955, including
31.19 the duty to certify direct contact under section 352.905, subdivision 2.

31.20 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of corrections
31.21 appointed under section 241.01, subdivision 1, or a person the commissioner has delegated
31.22 responsibilities to under sections 352.90 to 352.955, including the duty to certify direct
31.23 contact under section 352.905, subdivision 2.

31.24 Subd. 4. **Custody.** "Custody" means an employee's exercise of legal and physical control
31.25 over an incarcerated person, patient, or client who is detained, confined, or otherwise
31.26 restricted from freedom of movement.

31.27 Subd. 5. **Direct Care and Treatment.** "Direct Care and Treatment" means the agency
31.28 established under section 246C.02.

31.29 Subd. 6. **Direct contact.** "Direct contact" means interactions between an employee and
31.30 one or more patients, clients, or incarcerated persons where the employee is physically
31.31 present and engaged with patients, clients, or incarcerated persons as part of the employee's
31.32 normal duties, as defined in section 352.01, subdivision 17d, which must include regular

32.1 involvement in rehabilitation, treatment, custody, or supervision of patients, clients, or
32.2 incarcerated persons, while maintaining safety, security, and order.

32.3 Subd. 7. **Direct contact requirement.** "Direct contact requirement" means the
32.4 requirement that the employee spend at least 75 percent of the employee's working time in
32.5 direct contact.

32.6 Subd. 8. **Eligible facility.** "Eligible facility" means:

32.7 (1) Minnesota Correctional Facility-Faribault;

32.8 (2) Minnesota Correctional Facility-Lino Lakes;

32.9 (3) Minnesota Correctional Facility-Moose Lake;

32.10 (4) Minnesota Correctional Facility-Oak Park Heights;

32.11 (5) Minnesota Correctional Facility-Red Wing;

32.12 (6) Minnesota Correctional Facility-Rush City;

32.13 (7) Minnesota Correctional Facility-Shakopee;

32.14 (8) Minnesota Correctional Facility-St. Cloud;

32.15 (9) Minnesota Correctional Facility-Stillwater;

32.16 (10) Minnesota Correctional Facility-Togo; or

32.17 (11) Minnesota Correctional Facility-Willow River.

32.18 Subd. 9. **Eligible program.** "Eligible program" means:

32.19 (1) the forensic services program; or

32.20 (2) the Minnesota Sex Offender Program.

32.21 Subd. 10. **Employee organization.** "Employee organization" has the meaning given in
32.22 section 179A.03, subdivision 6.

32.23 Subd. 11. **Rehabilitation.** "Rehabilitation" means the process of providing treatment,
32.24 education, or other interventions designed to improve the mental, physical, or behavioral
32.25 condition of a patient, client, or incarcerated person with the goal of facilitating the
32.26 reintegration into society or improving the quality of life of the patient, client, or incarcerated
32.27 person.

32.28 Subd. 12. **Supervision.** "Supervision" means the oversight and management of patients,
32.29 clients, or incarcerated persons by an employee at an eligible facility or eligible program

33.1 to ensure compliance with rules, regulations, and treatment plans; monitor behavior; enforce
33.2 discipline; and provide guidance or direction.

33.3 Subd. 13. **Treatment.** "Treatment" means the broad range of services, including medical,
33.4 psychological, or therapeutic interventions, aimed at addressing the health, mental health,
33.5 or behavioral needs and overall condition of patients, clients, or incarcerated persons by or
33.6 under the supervision of employees at an eligible facility or eligible program.

33.7 Subd. 14. **Working time.** "Working time" means time spent performing the normal
33.8 duties of an employee's employment position, not including time spent in training or on a
33.9 leave of absence for vacation, illness, or other reasons as authorized in the human resources
33.10 policies applicable to the employee.

33.11 Sec. 6. **[352.905] COVERED CORRECTIONAL SERVICE.**

33.12 Subdivision 1. **Direct contact not required.** (a) For all periods of service that an
33.13 employee is performing covered correctional service as defined in this subdivision, the
33.14 employee is a member of the correctional employees retirement plan, whether or not the
33.15 employee has any direct contact.

33.16 (b) "Covered correctional service" under this subdivision means service performed by
33.17 a state employee employed at an eligible facility or in an eligible program in one of the
33.18 following employment positions:

33.19 (1) corrections officer 1;

33.20 (2) corrections officer 2;

33.21 (3) corrections officer 3;

33.22 (4) corrections lieutenant;

33.23 (5) corrections captain;

33.24 (6) security counselor;

33.25 (7) security counselor lead; or

33.26 (8) corrections canine officer.

33.27 Subd. 2. **Direct contact required.** (a) For all periods of service that an employee is
33.28 performing covered correctional service as defined in this subdivision, the employee is a
33.29 member of the correctional employees retirement plan, but only if the employee satisfies
33.30 the direct contact requirement and the employee's employer has certified to the executive

34.1 director, in the manner prescribed by the executive director, that the employee satisfies the
34.2 direct contact requirement.

34.3 (b) "Covered correctional service" under this subdivision means service performed by
34.4 a state employee employed at an eligible facility or in an eligible program in one of the
34.5 employment positions specified in subdivisions 3 to 6.

34.6 Subd. 3. **Employment positions A to C.** Employment positions with a title that begins
34.7 with the letters "A" to "C":

34.8 (1) automotive mechanic;

34.9 (2) baker;

34.10 (3) behavior analyst 1;

34.11 (4) behavior analyst 2;

34.12 (5) behavior analyst 3;

34.13 (6) building maintenance coordinator;

34.14 (7) building maintenance lead worker;

34.15 (8) building maintenance supervisor 2;

34.16 (9) building utilities mechanic;

34.17 (10) carpenter;

34.18 (11) carpenter lead;

34.19 (12) central services administrative specialist intermediate;

34.20 (13) central services administrative specialist principal;

34.21 (14) central services administrative specialist senior;

34.22 (15) certified occupational therapy assistant 1;

34.23 (16) certified occupational therapy assistant 2;

34.24 (17) chaplain;

34.25 (18) client advocate;

34.26 (19) clinical program therapist 1;

34.27 (20) clinical program therapist 2;

34.28 (21) clinical program therapist 3;

- 35.1 (22) clinical program therapist 4;
- 35.2 (23) cook;
- 35.3 (24) cook coordinator;
- 35.4 (25) corrections chief cook;
- 35.5 (26) corrections discipline unit supervisor;
- 35.6 (27) corrections food services supervisor;
- 35.7 (28) corrections industries production supervisor;
- 35.8 (29) corrections inmate program coordinator;
- 35.9 (30) corrections manufacturing specialist-tool and die;
- 35.10 (31) corrections manufacturing specialist-engraving and drafting;
- 35.11 (32) corrections manufacturing specialist-graphics;
- 35.12 (33) corrections manufacturing specialist-light assembly;
- 35.13 (34) corrections manufacturing specialist-light manufacturing;
- 35.14 (35) corrections manufacturing specialist-mechanical;
- 35.15 (36) corrections manufacturing specialist-sales and service;
- 35.16 (37) corrections manufacturing specialist-transportation and warehouse;
- 35.17 (38) corrections manufacturing specialist-wood;
- 35.18 (39) corrections security caseworker;
- 35.19 (40) corrections security caseworker career;
- 35.20 (41) corrections teaching assistant;
- 35.21 (42) corrections transitions program coordinator;
- 35.22 (43) culinary supervisor; and
- 35.23 (44) customer services specialist principal.
- 35.24 Subd. 4. **Employment positions D to M.** Employment positions with a title that begins
- 35.25 with the letters "D" to "M":
- 35.26 (1) delivery van driver;
- 35.27 (2) dental assistant;

- 36.1 (3) dental hygienist;
- 36.2 (4) dentist;
- 36.3 (5) electrical/electronics specialist;
- 36.4 (6) electrician;
- 36.5 (7) electrician lead;
- 36.6 (8) electrician master of record;
- 36.7 (9) electrician supervisor;
- 36.8 (10) food service supervisor;
- 36.9 (11) food service worker;
- 36.10 (12) general maintenance worker;
- 36.11 (13) general maintenance worker lead;
- 36.12 (14) general repair worker;
- 36.13 (15) groundskeeper senior;
- 36.14 (16) group supervisor;
- 36.15 (17) group supervisor assistant;
- 36.16 (18) human services support specialist;
- 36.17 (19) institution maintenance lead worker;
- 36.18 (20) laborer trades and equipment;
- 36.19 (21) library technician;
- 36.20 (22) library/information resource services specialist;
- 36.21 (23) library/information resource services specialist supervisor;
- 36.22 (24) licensed alcohol/drug counselor;
- 36.23 (25) licensed practical nurse;
- 36.24 (26) machinery repair worker;
- 36.25 (27) maintenance machinist;
- 36.26 (28) management analyst 3;
- 36.27 (29) mason;

37.1 (30) medical assistant, certified; and

37.2 (31) music therapist.

37.3 Subd. 5. **Employment positions O to R.** Employment positions with a title that begins
37.4 with the letters "O" to "R":

37.5 (1) occupational therapist;

37.6 (2) occupational therapist senior;

37.7 (3) painter;

37.8 (4) painter lead;

37.9 (5) physical therapist;

37.10 (6) plant maintenance engineer;

37.11 (7) plant maintenance engineer lead;

37.12 (8) plumber;

37.13 (9) plumber chief;

37.14 (10) plumber master in charge;

37.15 (11) plumber supervisor;

37.16 (12) psychiatric advanced practice registered nurse;

37.17 (13) psychologist 1;

37.18 (14) psychologist 2;

37.19 (15) psychologist 3;

37.20 (16) recreation program assistant;

37.21 (17) recreation therapist;

37.22 (18) recreation therapist coordinator;

37.23 (19) recreation therapist senior;

37.24 (20) refrigeration mechanic;

37.25 (21) registered nurse;

37.26 (22) registered nurse advanced practice;

37.27 (23) registered nurse principal;

- 38.1 (24) registered nurse senior;
- 38.2 (25) rehabilitation counselor senior; and
- 38.3 (26) residential program lead.
- 38.4 Subd. 6. **Employment positions S to W.** Employment positions with a title that begins
- 38.5 with the letters "S" to "W":
- 38.6 (1) security supervisor;
- 38.7 (2) sentencing to service crew leader, institution community work crews;
- 38.8 (3) skills development specialist;
- 38.9 (4) social work specialist;
- 38.10 (5) social work specialist senior-human services;
- 38.11 (6) social worker senior;
- 38.12 (7) special education program assistant;
- 38.13 (8) special teacher: doctoral;
- 38.14 (9) special teacher: master of arts/master of science/five-year+teachers license;
- 38.15 (10) special teacher: five-year career technical credential;
- 38.16 (11) special teacher: five-year career technical credential+10 credits;
- 38.17 (12) special teacher: five-year career technical credential+20 credits;
- 38.18 (13) special teacher: five-year career technical credential+30 credits;
- 38.19 (14) special teacher: five-year career technical credential+40 credits;
- 38.20 (15) special teacher: five-year career technical credential+50 credits;
- 38.21 (16) special teacher: bachelor of arts/bachelor of science+teachers license;
- 38.22 (17) special teacher: bachelor of arts/bachelor of science+teachers license+10 credits;
- 38.23 (18) special teacher: bachelor of arts/bachelor of science+teachers license+20 credits;
- 38.24 (19) special teacher: bachelor of arts/bachelor of science+teachers license+30 credits;
- 38.25 (20) special teacher: bachelor of arts/bachelor of science+teachers license+40 credits;
- 38.26 (21) special teacher: career technical credential;
- 38.27 (22) special teacher: master of arts/master of science+teachers license+10 graduate
- 38.28 credits;

39.1 (23) special teacher: master of arts/master of science+teachers license+20 graduate
39.2 credits;

39.3 (24) special teacher: master of arts/master of science+teachers license+30 graduate
39.4 credits;

39.5 (25) special teacher: no degree/teachers license;

39.6 (26) speech pathology clinician;

39.7 (27) sports medicine specialist;

39.8 (28) work therapy assistant;

39.9 (29) work therapy program coordinator; and

39.10 (30) work therapy technician.

39.11 Subd. 7. **Former employees of Minnesota Specialty Health System-Cambridge.** A
39.12 Department of Human Services or Direct Care and Treatment employee who was employed
39.13 at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014
39.14 conversion to community-based homes and was in covered correctional service at the time
39.15 of the transition will continue to be covered by the correctional employees retirement plan
39.16 while employed in the direct care and treatment of patients by and without a break in service
39.17 with the Department of Human Services or Direct Care and Treatment.

39.18 Sec. 7. **[352.907] PLAN COVERAGE CHANGES.**

39.19 Subdivision 1. **Correctional plan membership committee.** (a) A correctional plan
39.20 membership committee is established to make determinations regarding changes to
39.21 employment positions and to coverage of employees.

39.22 (b) The members of the correctional plan membership committee are:

39.23 (1) the commissioner or the commissioner's designee;

39.24 (2) the chief executive officer or the chief executive officer's designee;

39.25 (3) the executive director or the executive director's designee;

39.26 (4) the commissioner of management and budget or the commissioner's designee;

39.27 (5) one representative from each employee organization that represents one or more
39.28 employees of the Department of Corrections or Direct Care and Treatment and who are
39.29 covered by the correctional employees retirement plan;

(6) the human resources director or the director's designee from the Department of Corrections; and

(7) the human resources director or the director's designee from Direct Care and Treatment.

(c) A member of the correctional plan membership committee under paragraph (b), clause (5), need not attend a meeting of the committee if none of the employees represented by the employee organization will be impacted by any action to be taken by the committee at the meeting.

(d) If the executive director has received one or more requests for changes to the title of an employment position, the addition or removal of an employment position from the lists in section 352.905, or the commencement or cessation of coverage of an employee by the correctional employees retirement plan, the executive director must convene the correctional plan membership committee at least as frequently as once every calendar quarter. If the executive director has not received any requests during a calendar quarter, the executive director is not required to convene a meeting.

(e) The human resources directors of the Department of Corrections and Direct Care and Treatment must retain each request to the correctional plan membership committee and the related documentation and final determination for an employee or employment position in their respective department or agency.

Subd. 2. **Change in the title of an employment position.** (a) No later than 60 days before the effective date of a change in the title of an employment position listed in section 352.905, the Department of Corrections or Direct Care and Treatment, as applicable, must submit a request to the commissioner of management and budget to review the title change and determine whether the responsibilities of the employment position have changed. The commissioner of management and budget must provide a response to the Department of Corrections or Direct Care and Treatment, as applicable, by the effective date of the change.

(b) If the commissioner of management and budget determines that the responsibilities of the employment position have not changed or the responsibilities of the employment position have changed but the changes do not affect the eligibility of the employment position for coverage by the correctional employees retirement plan, the department or agency, as applicable, must:

(1) submit the title change to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to replace the title in section 352.905 with the new title; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that the title change will not affect the continued coverage of the employee by the correctional employees retirement plan and that the department or agency, as applicable, has submitted a request to the legislature to change the title in section 352.905.

(c) If the commissioner of management and budget determines that the responsibilities of the employment position have changed and the changes result in the employment position no longer being qualified for coverage by the correctional employees retirement plan, the employer must:

(1) submit a request to the correctional plan membership committee for confirmation that the employment position must be removed from the lists of employment positions in section 352.905; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that a determination was made by the commissioner of management and budget that, because the responsibilities of the employment position have changed, the employment position and all employees in the employment position are no longer eligible for coverage by the correctional employees retirement plan subject to confirmation by the correctional plan membership committee.

Subd. 3. Transfers to new eligible facility or eligible program. (a) If the Department of Corrections or Direct Care and Treatment adds a facility to the list of eligible facilities under section 352.901, subdivision 8, or a program to the list of eligible programs under section 352.901, subdivision 9, and the department or agency, as applicable, responsible for the new facility or program transfers a state employee who was rendering covered correctional service under section 352.905 to the new facility or program, the state employee must continue to be covered by the correctional employees retirement plan if the employee is employed in the same employment position at the new facility or in the new program.

(b) The employee continues to be covered by the correctional employees retirement plan unless the department or agency, as applicable, completes the process under subdivision 5 and the correctional plan membership committee has determined that the employee no longer qualifies for coverage.

Subd. 4. Procedures for making employment position changes. (a) The correctional plan membership committee must consider requests to add or remove an employment position listed in section 352.905, subdivisions 3 to 6, or to confirm a determination under subdivision 2 by the commissioner of management and budget that, because the

42.1 responsibilities of the employment position have changed, the employment position and all
42.2 employees in the employment position are no longer eligible for coverage by the correctional
42.3 employees retirement plan.

42.4 (b) An employee, employee organization, or employer may submit a request to the
42.5 correctional plan membership committee to add an employment position to section 352.905,
42.6 subdivisions 3 to 6. The correctional plan membership committee may determine that an
42.7 employment position must be added if the committee determines that at least one employee
42.8 in the employment position satisfies the direct contact requirement.

42.9 (c) The correctional plan membership committee may, at the request of an employer,
42.10 determine under this subdivision or confirm a determination under subdivision 2, clause
42.11 (2), that an employment position must be removed from the lists in section 352.905,
42.12 subdivisions 3 to 6, if the committee determines that no employee in the employment
42.13 classification satisfies the direct contact requirement.

42.14 (d) The correctional plan membership committee must include an effective date in any
42.15 determination to add or remove an employment position from the lists in section 352.905,
42.16 subdivisions 3 to 6. The effective date may be retroactive for a determination to add an
42.17 employment position.

42.18 (e) If the correctional plan membership committee determines that an employment
42.19 position must be added to or removed from the lists of employment positions in section
42.20 352.905, subdivisions 3 to 6, the department or agency affected by the determination must
42.21 submit the employment position change to the executive director of the Legislative
42.22 Commission on Pensions and Retirement before the start of the next legislative session and
42.23 request legislation to make the change.

42.24 (f) After making a determination that an employment position must be added to or
42.25 removed from the lists of employment positions in section 352.905, subdivisions 3 to 6, the
42.26 correctional plan membership committee must designate a member of the committee to
42.27 communicate the committee's determination to all affected employees no later than ten days
42.28 after the date of the meeting at which the determination was made and inform the employees
42.29 of the right to appeal the determination under subdivision 6.

42.30 Subd. 5. **Procedures for adding or ceasing coverage for employees.** (a) The correctional
42.31 plan membership committee must consider requests to provide coverage by the correctional
42.32 employees retirement plan to an employee in an employment position listed in section
42.33 352.905, subdivisions 3 to 6, or to cease coverage of an employee.

(b) An employee, an employee's employee organization, or an employee's manager may submit a request to the correctional plan membership committee to provide coverage to an employee in an employment position listed in section 352.905, subdivisions 3 to 6. The request may include a description of the extent of the physical hazard that the employee is routinely subjected to in the course of employment, the extent of intervention routinely expected of the employee in the event of a facility incident, and the extent the employee is routinely involved in the rehabilitation, treatment, custody, or supervision of patients, clients, or incarcerated persons. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employer's human resources director or the director's designee and the commissioner or the chief executive officer, as applicable, that the employee satisfies the direct contact requirement.

(c) An employer may submit a request to the correctional plan membership committee to cease coverage of an employee. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee's employer that the employee no longer satisfies the direct contact requirement.

(d) The correctional plan membership committee must include an effective date in any determination that an employee must begin to receive coverage by the correctional employees retirement plan or that coverage must cease. The effective date may be retroactive to the date as of which the coverage requirements were first satisfied or were no longer met.

(e) After making a determination of coverage or no coverage for an employee, the correctional plan membership committee must designate a member of the committee to communicate the committee's determination to the affected employee no later than ten days after the date of the meeting at which the determination was made and inform the employee of the right to appeal the determination under subdivision 6.

Subd. 6. **Right to appeal.** (a) No later than 30 days after receiving a determination under subdivision 4 or 5, the affected employee may appeal a determination of the correctional plan membership committee by filing an appeal with the human resources manager of the department or agency, as applicable, in which the employee is employed. The appeal must include:

(1) the reasons for the appeal and rationale for a determination that the employee be covered by the correctional employees retirement plan; and

(2) new or additional information, if any, not previously submitted or considered by the correctional plan membership committee, including a new or revised position description and samples of work product.

(b) The appeal must be decided by the commissioner of corrections if the employee is an employee of the Department of Corrections or by the chief executive officer of Direct Care and Treatment if the employee is an employee of Direct Care and Treatment. The decision of the commissioner or chief executive officer, as applicable, is final.

(c) A determination not timely appealed under paragraph (a) is not entitled to further administrative or judicial review. A determination under subdivision 4 or 5 or an appeal decided under paragraph (b) may not be appealed under section 356.96.

Sec. 8. **[352.908] CORRECTION OF PLAN COVERAGE ERRORS.**

Section 356.637 applies if an employee is erroneously covered by:

(1) the correctional employees retirement plan when the employee should have been covered by one of the other plans specified in section 356.637; or

(2) a plan specified in section 356.637, other than the correctional employees retirement plan, when the employee should have been covered by the correctional employees retirement plan.

Sec. 9. Minnesota Statutes 2024, section 352.93, subdivision 1, is amended to read:

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section ~~352.91~~ 352.905 who has reached age 55 years and is vested under section 352.925, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

Sec. 10. Minnesota Statutes 2024, section 352.955, subdivision 1, is amended to read:

Subdivision 1. **Election to transfer prior MSRS-general service credit.** (a) An eligible employee described in paragraph (b) may elect to transfer service credit in the general state employees retirement plan of the Minnesota State Retirement System to the correctional state employees retirement plan for eligible prior correctional employment.

(b) An eligible employee is a person who ~~is covered by legislation implementing the recommendations under section 352.91, subdivision 4a~~ the correctional plan membership

committee determines is entitled to coverage by the correctional employees retirement plan under section 352.907.

(c) Eligible prior correctional employment is employment covered by the general state employees retirement plan of the Minnesota State Retirement System, is continuous service, and is certified by the commissioner of corrections and the Direct Care and Treatment executive board, whichever applies, and by the commissioner of management and budget to the executive director of the Minnesota State Retirement System as service that would qualify for correctional state employees retirement plan coverage under section ~~352.91~~ 352.905, if the service had been rendered after the date of coverage transfer.

(d) The election to transfer past service credit under this section must be made in writing by the applicable person on a form prescribed by the executive director of the Minnesota State Retirement System and must be filed with the executive director of the Minnesota State Retirement System on or before the one year anniversary of the coverage transfer or the date of the eligible employee's termination of state employment, whichever is earlier.

Sec. 11. **REPEALER.**

Minnesota Statutes 2024, section 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 4a, 4b, 4c, and 6, are repealed.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 11 are effective January 1, 2026.

ARTICLE 6

HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN

Section 1. Minnesota Statutes 2024, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

(5) to a deferred compensation plan defined in subdivision 3;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,700~~ \$4,300 a year for each employee;

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

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;

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

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;

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

(12) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(13) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5;

(14) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment; or

(15) to a supplemental plan organized and operated under the Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 7

STATE AUDITOR'S FIRE RELIEF ASSOCIATION WORKING GROUP

Section 1. Minnesota Statutes 2024, section 424A.014, subdivision 2, is amended to read:

Subd. 2. Financial statement. (a) The board of trustees of each firefighters relief association that is not required to and does not choose to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable, and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in

accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality;

(2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the firefighters relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The firefighters relief association board must submit a copy of the detailed financial statement required under paragraph (a) that has been certified by the governing body of the municipality to the state auditor on or before ~~March 31~~ June 30 after the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirement of section 6.67.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 424A.015, subdivision 4, is amended to read:

Subd. 4. ~~Transfer to individual retirement account~~ Right to elect a direct rollover. A relief association that is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, and that provides a single payment service pension, at the written request of the applicable retiring member or, following the death of the active member, at the written request of the deceased member's surviving spouse, may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension or the survivor benefit attributable to the member, whichever applies, to the requesting person's individual retirement account under section 408(a) of the Internal Revenue Code, as amended. A relief association must permit a member, a surviving spouse, or another distributee as defined in section 356.633, subdivision 1, paragraph (b), to elect a direct rollover of any distribution

that is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph (d), subject to the terms and conditions of section 356.633.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 424A.016, subdivision 2, is amended to read:

Subd. 2. Defined contribution service pension eligibility. (a) A relief association, when its articles of incorporation or bylaws so provide, may pay as soon as practicable out of the assets of its special fund a defined contribution service pension to each of its members who:

(1) separates from active service with the fire department;

(2) ~~reaches age 50~~ submits a valid written application for the distribution;

(3) completes at least five years of active service as an active member of the fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution toward a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a firefighter under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 477B.

EFFECTIVE DATE. This section is effective January 1, 2026.

50.1 Sec. 4. Minnesota Statutes 2024, section 424A.016, subdivision 6, is amended to read:

50.2 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a
50.3 relief association who has separated from active service and membership and has completed
50.4 the minimum service and membership requirements in subdivision 2. The requirement that
50.5 a member separate from active service and membership is waived for ~~persons~~ any person
50.6 ~~who have~~ has discontinued ~~their~~ volunteer firefighter and paid on-call firefighter duties and
50.7 ~~who are~~ is employed on a part-time or full-time basis under section 424A.015, subdivision
50.8 1.

50.9 (b) A deferred member is entitled to receive a deferred service pension ~~when~~ as soon as
50.10 practicable after the member reaches at least age 50, or at least the minimum age specified
50.11 ~~in the bylaws governing the relief association if that age is greater than age 50, and makes~~
50.12 submits a valid written application for the distribution and complies with any conditions as
50.13 to age prescribed by the relief association's bylaws.

50.14 (c) A defined contribution relief association must credit interest or additional investment
50.15 performance on the deferred lump-sum service pension during the period of deferral for all
50.16 deferred members on or after January 1, 2021. A defined contribution relief association
50.17 may specify in its bylaws the method by which it will credit interest or additional investment
50.18 performance to the accounts of deferred members. Such method shall be limited to one of
50.19 the three methods provided in this paragraph. In the event the bylaws do not specify a
50.20 method, the interest or additional investment performance must be credited using the method
50.21 defined in clause (3). The permissible methods are:

50.22 (1) at the investment performance rate actually earned on that portion of the assets if the
50.23 deferred benefit amount is invested by the relief association in a separate account established
50.24 and maintained by the relief association;

50.25 (2) at the investment performance rate actually earned on that portion of the assets if the
50.26 deferred benefit amount is invested in a separate investment vehicle held by the relief
50.27 association; or

50.28 (3) at the investment return on the assets of the special fund of the defined contribution
50.29 relief association in proportion to the share of the assets of the special fund to the credit of
50.30 each individual deferred member account.

50.31 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw
50.32 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall
50.33 apply to members already in deferred status as of January 1, 2021.

(e) Unless the bylaws provide differently, interest or additional investment performance must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension.

(f) Notwithstanding the requirements of section 424A.015, subdivision 6, a relief association that amends its bylaws to lower the required minimum retirement age may specify in the bylaws amendment that the lower minimum retirement age applies to members who separated from active service and membership prior to the effective date of the bylaws amendment.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 5. Minnesota Statutes 2024, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment or direct rollover under section 356.633 of service pensions to ~~retired~~ members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, ~~for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;~~

(3) for the payment or direct rollover under section 356.633 of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment or direct rollover under section 356.633 of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

52.1 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
52.2 Association, or an insurance company licensed by the state of Minnesota offering casualty
52.3 insurance, in order to entitle relief association members to membership in and the benefits
52.4 of the association or organization;

52.5 (7) for the payment of administrative expenses of the relief association as authorized
52.6 under subdivision 3b; and

52.7 (8) for the payment or direct rollover under section 356.633 of a service pension to the
52.8 former spouse of a member or former member of a relief association, if the former spouse
52.9 is an alternate payee designated in a qualified domestic relations order under subdivision
52.10 5.

52.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
52.12 by this section must be signed by the relief association treasurer and at least one other elected
52.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.
52.14 A relief association may make disbursements authorized by this subdivision by electronic
52.15 fund transfers only if the specific method of payment and internal control policies and
52.16 procedures regarding the method are approved by the board of trustees.

52.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

52.18 Sec. 6. Minnesota Statutes 2024, section 424A.06, subdivision 2, is amended to read:

52.19 Subd. 2. **General fund assets and revenues.** (a) The general fund, if established, must
52.20 be credited with the following:

52.21 (1) all money received from dues ~~other than dues payable as contributions under the~~
52.22 ~~bylaws of the relief association to the special fund;~~

52.23 (2) all money received from fines;

52.24 (3) all money received from initiation fees;

52.25 (4) all money received as entertainment revenues; and

52.26 (5) any money or property donated, given, granted or devised by any person, either for
52.27 the support of the general fund of the relief association or for unspecified purposes.

52.28 (b) The treasurer of the relief association is the custodian of the assets of the general
52.29 fund and must be the recipient on behalf of the general fund of all revenues payable to the
52.30 general fund. The treasurer shall maintain adequate records documenting any transaction
52.31 involving the assets or the revenues of the general fund. These records must be open for
52.32 inspection by any member of the relief association at reasonable times and places.

53.1 **EFFECTIVE DATE.** This section is effective January 1, 2026.

53.2 Sec. 7. Minnesota Statutes 2024, section 424A.092, subdivision 2, is amended to read:

53.3 Subd. 2. **Determination of accrued liability.** (a) ~~Beginning with the calculation~~
53.4 ~~performed in 2021 for the 2022 calendar year,~~ Each firefighters relief association which
53.5 pays a lump-sum service pension shall determine the accrued liability of the special fund
53.6 of the firefighters relief association relative to each active member of the relief association,
53.7 calculated using the applicable appendix to the standards for actuarial work established by
53.8 the Legislative Commission on Pensions and Retirement under section 3.85, subdivision
53.9 10.

53.10 (b) ~~For calendar years before 2022, each firefighters relief association shall determine~~
53.11 ~~the accrued liability of the special fund of the firefighters relief association relative to each~~
53.12 ~~active member of the relief association, calculated individually using the following table:~~

53.13	Cumulative	Accrued
53.14	Year	Liability
53.15
53.16	1	\$ 60
53.17	2	124
53.18	3	190
53.19	4	260
53.20	5	334
53.21	6	410
53.22	7	492
53.23	8	576
53.24	9	666
53.25	10	760
53.26	11	858
53.27	12	962
53.28	13	1070
53.29	14	1184
53.30	15	1304
53.31	16	1428
53.32	17	1560
53.33	18	1698
53.34	19	1844
53.35	20	2000
53.36	21 and thereafter	100 additional per year

~~As set forth in the table the accrued liability for each member of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active member is determined by multiplying the accrued liability from the chart by the ratio of the lump-sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service.~~

~~(e)~~ (b) If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active member of the relief association.

~~(d)~~ (c) To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2024, section 424A.092, subdivision 3, is amended to read:

Subd. 3. **Financial requirements of relief association; minimum obligation of municipality.** (a) During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

(b) The overall funding balance of the special fund for the current calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the current year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31, must be calculated. To the extent possible, for those assets for which a market value is readily ascertainable, the current market value as of the date of the calculation for those assets must be utilized in making this calculation. For any asset for

55.1 which no market value is readily ascertainable, the cost value or the book value, whichever
55.2 is applicable, must be utilized in making this calculation.

55.3 (3) The amount of the total present assets of the special fund calculated under clause (2)
55.4 must be subtracted from the amount of the total accrued liability of the special fund calculated
55.5 under clause (1). If the amount of total present assets exceeds the amount of the total accrued
55.6 liability, then the special fund is considered to have a surplus over full funding. If the amount
55.7 of the total present assets is less than the amount of the total accrued liability, then the
55.8 special fund is considered to have a deficit from full funding. If the amount of total present
55.9 assets is equal to the amount of the total accrued liability, then the special fund is considered
55.10 to be fully funded.

55.11 (c) The financial requirements of the special fund for the following calendar year must
55.12 be determined in the following manner:

55.13 (1) The total accrued liability of the special fund for all active and deferred members of
55.14 the relief association as of December 31 of the calendar year next following the current
55.15 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

55.16 (2) The increase in the total accrued liability of the special fund for the following calendar
55.17 year over the total accrued liability of the special fund for the current year must be calculated.

55.18 (3) The amount of anticipated future administrative expenses of the special fund must
55.19 be calculated by multiplying the dollar amount of the administrative expenses of the special
55.20 fund for the most recent prior calendar year by the factor of 1.035.

55.21 (4) If the special fund is fully funded, the financial requirements of the special fund for
55.22 the following calendar year are the total of the amounts calculated under clauses (2) and
55.23 (3).

55.24 (5) If the special fund has a deficit from full funding, the financial requirements of the
55.25 special fund for the following calendar year are the financial requirements of the special
55.26 fund calculated as though the special fund were fully funded under clause (4) plus an amount
55.27 equal to one-tenth of the original amount of the deficit from full funding of the special fund
55.28 as determined under clause (2) resulting either from an increase in the amount of the service
55.29 pension occurring in the last ten years or from a net annual investment loss occurring during
55.30 the last ten years until each increase in the deficit from full funding is fully retired. The
55.31 annual amortization contribution under this clause may not exceed the amount of the deficit
55.32 from full funding.

(6) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, and an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, ~~and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year.~~ A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 424A.092, subdivision 4, is amended to read:

Subd. 4. **Certification of financial requirements and minimum municipal obligation; levy.** (a) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 3 on or before August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(b) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 424A.014. The schedule forms related to the determination of the financial requirements must be filed annually with the state auditor by ~~March 31, annually, if the relief association is required to file a financial statement under section 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file a financial report and audit under section 424A.014, subdivision 1.~~

(c) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue.

(d) The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(e) If the municipality does not include the full amount of the minimum municipal obligations in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the certified minimum municipal obligation on the taxable property of the municipality.

(f) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the state auditor may request a copy of the certifications under this subdivision from the relief association or from the city. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 10. Minnesota Statutes 2024, section 424A.093, subdivision 5, is amended to read:

Subd. 5. Minimum municipal obligation. (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year ~~and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during~~

58.1 ~~the following calendar year.~~ A reasonable amount of anticipated fire state aid is an amount
58.2 that does not exceed the fire state aid actually received in the prior year multiplied by the
58.3 factor 1.035.

58.4 (c) The officers of the relief association shall certify the financial requirements of the
58.5 special fund of the relief association and the minimum obligation of the municipality with
58.6 respect to the special fund of the relief association as determined under subdivision 4 and
58.7 this subdivision by August 1 of each year. The certification must be made to the entity that
58.8 is responsible for satisfying the minimum obligation with respect to the special fund of the
58.9 relief association. If the responsible entity is a joint powers entity, the certification must be
58.10 made in the manner specified in the joint powers agreement, or if the joint powers agreement
58.11 is silent on this point, the certification must be made to the chair of the joint powers board.

58.12 (d) The financial requirements of the relief association and the minimum municipal
58.13 obligation must be included in the financial report or financial statement under section
58.14 424A.014.

58.15 (e) The municipality shall provide for at least the minimum obligation of the municipality
58.16 with respect to the special fund of the relief association by tax levy or from any other source
58.17 of public revenue. The municipality may levy taxes for the payment of the minimum
58.18 municipal obligation without any limitation as to rate or amount and irrespective of any
58.19 limitations imposed by other provisions of law or charter upon the rate or amount of taxation
58.20 until the balance of the special fund or any fund of the relief association has attained a
58.21 specified level. In addition, any taxes levied under this section must not cause the amount
58.22 or rate of any other taxes levied in that year or to be levied in a subsequent year by the
58.23 municipality which are subject to a limitation as to rate or amount to be reduced.

58.24 (f) If the municipality does not include the full amount of the minimum municipal
58.25 obligation in its levy for any year, the officers of the relief association shall certify that
58.26 amount to the county auditor, who shall spread a levy in the amount of the minimum
58.27 municipal obligation on the taxable property of the municipality.

58.28 (g) If the state auditor determines that a municipal contribution actually made in a plan
58.29 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
58.30 state auditor may request from the relief association or from the city a copy of the
58.31 certifications under this subdivision. The relief association or the city, whichever applies,
58.32 must provide the certifications within 14 days of the date of the request from the state auditor.

58.33 **EFFECTIVE DATE.** This section is effective January 1, 2026.

59.1 Sec. 11. **REPEALER.**

59.2 Minnesota Statutes 2024, section 424A.015, subdivision 5, is repealed.

59.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

59.4 **ARTICLE 8**

59.5 **FIREFIGHTERS RELIEF ASSOCIATIONS**

59.6 Section 1. Minnesota Statutes 2024, section 424A.02, subdivision 3, is amended to read:

59.7 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph
59.8 (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in
59.9 its bylaws a service pension amount above the following maximum amounts:

59.10 (1) for a defined benefit relief association in which the governing bylaws provide for a
59.11 monthly service pension, the maximum monthly service pension amount per month for each
59.12 year of service credited is the lesser of \$100 or the maximum monthly service pension
59.13 amount that could be adopted by the relief association as a bylaws amendment that satisfies
59.14 section 424A.093, subdivision 6, paragraph (d); and

59.15 (2) for a defined benefit relief association in which the governing bylaws provide for a
59.16 lump-sum service pension, the maximum lump-sum service pension amount for each year
59.17 of service credited is the lesser of ~~\$15,000~~ \$20,000 or the maximum lump-sum service
59.18 pension amount that could be adopted by the relief association as a bylaws amendment that
59.19 satisfies section 424A.092, subdivision 6, paragraph (e).

59.20 (b) A defined benefit relief association may set in its bylaws a service pension amount
59.21 that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only
59.22 if the service pension amount has been ratified by the municipality.

59.23 (1) For a defined benefit relief association that pays a monthly service pension, the
59.24 maximum monthly service pension amount per month for each year of service credited is
59.25 \$100.

59.26 (2) For a defined benefit relief association that pays a lump-sum service pension, the
59.27 maximum lump-sum service pension amount for each year of service credited is ~~\$15,000~~
59.28 \$20,000.

59.29 (c) The method of calculating service pensions must be applied uniformly for all years
59.30 of active service. Credit must be given for all years of active service, unless the bylaws of
59.31 the relief association provide that service credit is not given for:

60.1 (1) years of active service in excess of caps on service credit; or

60.2 (2) years of active service earned by a former member who:

60.3 (i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire
60.4 department before becoming vested under subdivision 2; and

60.5 (ii) has not resumed active service with the fire department and active membership in
60.6 the relief association for a period as defined in the relief association's bylaws, of not less
60.7 than five years.

60.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

60.9 Sec. 2. **REPEALER.**

60.10 Minnesota Statutes 2024, section 356A.06, subdivision 5, is repealed.

60.11 **ARTICLE 9**

60.12 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

60.13 Section 1. Minnesota Statutes 2024, section 187.03, subdivision 5, is amended to read:

60.14 Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed
60.15 by a covered employer and who satisfies any other criteria established by the board.

60.16 (b) Covered employee does not include:

60.17 (1) a person who, on December 31 of the preceding calendar year, was younger than 18
60.18 years of age;

60.19 (2) a person covered under the federal Railway Labor Act, as amended, United States
60.20 Code, title 45, sections 151 et seq.;

60.21 (3) a person on whose behalf an employer makes contributions to a Taft-Hartley
60.22 multiemployer pension trust fund; ~~or~~

60.23 (4) a person employed by the government of the United States, another country, the state
60.24 of Minnesota, another state, or any subdivision thereof; or

60.25 (5) a person employed on a temporary or seasonal basis for a limited duration, which
60.26 the employer determines at the time the person is hired will not extend beyond 180 days.

60.27 (c) A person described in paragraph (b), clause (5), may elect to have contributions
60.28 deducted from the person's paycheck for remittance to the program, but only if the employer
60.29 would otherwise be considered a covered employer.

61.1 Sec. 2. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to
61.2 read:

61.3 Subd. 6a. **Enrollment window.** "Enrollment window" means the period established by
61.4 the board, according to a phase-in schedule approved under Laws 2023, chapter 46, section
61.5 10, subdivision 1, paragraph (b), that is applicable to each covered employer and during
61.6 which the covered employer is first required to provide information to covered employees
61.7 and enroll covered employees who do not elect to opt out of the program.

61.8 Sec. 3. Minnesota Statutes 2024, section 187.03, subdivision 7, is amended to read:

61.9 Subd. 7. **Executive director.** "Executive director" means the chief executive and
61.10 administrative head of the program or, if an executive director has not been appointed,
61.11 executive director means the interim executive director, if one has been appointed.

61.12 Sec. 4. Minnesota Statutes 2024, section 187.03, subdivision 7a, is amended to read:

61.13 Subd. 7a. **Home and community-based services employee.** "Home and
61.14 community-based services employee" means an individual ~~employed by the individual's~~
61.15 ~~child or spouse~~ who is not an employee of a provider agency and who is selected by and
61.16 working under the direction of a participant in a covered program to provide to the
61.17 participant:

61.18 (1) consumer-directed community supports services under sections 256B.092 and 256B.49
61.19 and chapter 256S or under the alternative care program authorized under section 256B.0913;
61.20 or

61.21 (2) services under the community first services and supports program authorized under
61.22 section 256B.85 and Minnesota's federally approved waiver programs.

61.23 This definition applies only to this chapter and does not create any other legal rights or
61.24 obligations under state or federal law.

61.25 Sec. 5. Minnesota Statutes 2024, section 187.05, is amended by adding a subdivision to
61.26 read:

61.27 Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity
61.28 or person may file a certification with the executive director on a form prescribed by the
61.29 executive director and provide documentation in support of the certification, as requested
61.30 by the executive director, stating that the entity or person is not a covered employer. The

62.1 certification must state that the entity or person is not a covered employer for one or more
62.2 of the following reasons:

62.3 (1) the entity or person has not been engaged for at least 12 months in a business, industry,
62.4 profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

62.5 (2) the entity or person does not employ five or more employees;

62.6 (3) the entity or person sponsors or contributes to or, in the immediately preceding 12
62.7 months, sponsored or contributed to a retirement savings plan for its employees; or

62.8 (4) the entity is a political subdivision of the state or federal government.

62.9 (b) Within 30 days of receiving the certification, the executive director must accept the
62.10 certification or issue a determination that the entity or person is a covered employer and
62.11 subject to the requirements of section 187.07.

62.12 (c) The entity or person may appeal the executive director's determination by filing an
62.13 appeal with the board of directors no later than 30 days after receipt of the determination.

62.14 Sec. 6. Minnesota Statutes 2024, section 187.05, subdivision 4, is amended to read:

62.15 Subd. 4. **Contribution rate.** (a) The board ~~must establish default, minimum, and~~
62.16 ~~maximum~~ may change the required employee contribution rates and ~~an~~ the escalation
62.17 ~~schedule to automatically increase each covered employee's contribution rate annually until~~
62.18 ~~the contribution rate is equal to the maximum contribution rate~~ under section 187.07,
62.19 subdivision 1. The board must provide all covered employers with notice of a change in
62.20 employee contribution rates or the escalation schedule at least six months in advance of the
62.21 effective date of the change.

62.22 (b) A covered employee must have the right, annually or more frequently as determined
62.23 by the board, to change the contribution rate, opt out or elect not to contribute, or cease
62.24 contributions.

62.25 Sec. 7. Minnesota Statutes 2024, section 187.05, subdivision 6, is amended to read:

62.26 Subd. 6. **Withdrawals and distributions.** The board must establish alternatives
62.27 permitting covered employees to take a withdrawal of all or a portion of the covered
62.28 employee's account while employed and one or more distributions following termination
62.29 of employment. By July 1, 2028, the board must include lifetime income options as
62.30 distribution alternatives ~~must include lifetime income options.~~

63.1 Sec. 8. Minnesota Statutes 2024, section 187.07, subdivision 1, is amended to read:

63.2 Subdivision 1. **Requirement to enroll employees.** (a) Each covered employer must
63.3 enroll its covered employees in the program and withhold payroll deduction contributions
63.4 from each covered employee's paycheck no later than 30 days after the covered employee's
63.5 first day of employment, unless the covered employee has elected not to contribute.

63.6 (b) Unless the board has approved a different rate or rates under section 187.05,
63.7 subdivision 4, or a covered employee has elected a different contribution rate or not to
63.8 contribute, the employee contribution rates and escalation schedule are:

63.9 (1) five percent of pay for the covered employee's first year of participation;

63.10 (2) six percent of pay for the covered employee's second year of participation;

63.11 (3) seven percent of pay for the covered employee's third year of participation; and

63.12 (4) eight percent of pay for the covered employee's fourth year of participation and each
63.13 year thereafter.

63.14 (c) Paragraph (a) does not apply to a covered employer until the covered employer's
63.15 enrollment window has opened. No later than 30 days after the end of the enrollment window,
63.16 the covered employer must have enrolled all covered employees, except for any covered
63.17 employee who has elected not to contribute.

63.18 (d) The executive director must communicate annually by email or otherwise in writing
63.19 to each covered employee:

63.20 (1) The annual limit on employee contributions to a traditional IRA and a Roth IRA in
63.21 effect under section 408 and 408A, respectively, of the Internal Revenue Code; and

63.22 (2) notice that it is the responsibility of the covered employee to reduce the covered
63.23 employee's contribution rate from the rate under paragraph (b) as necessary to stay within
63.24 the limit under section 408 or section 408A of the Internal Revenue Code that is applicable
63.25 to the covered employee and the type of IRA to which the contributions are being credited.

63.26 Sec. 9. Minnesota Statutes 2024, section 187.07, subdivision 2, is amended to read:

63.27 Subd. 2. **Remitting contributions.** Notwithstanding section 181.06, a covered employer
63.28 must ~~timely~~ remit payroll deduction contributions ~~as required by the board~~ withheld from
63.29 the paycheck of each covered employee to the program as soon as practicable after the
63.30 deduction is taken and no later than 30 days after the date of each paycheck.

64.1 Sec. 10. Minnesota Statutes 2024, section 187.07, subdivision 3, is amended to read:

64.2 Subd. 3. **Distribution of information.** (a) Covered employers must provide information
64.3 prepared by the board to all covered employees regarding the program. The information
64.4 must be provided to each covered employee ~~at least 30~~ no later than 14 days ~~prior to the~~
64.5 ~~date of the first paycheck from which employee contributions could be deducted for~~
64.6 ~~transmittal to the program, if the covered employee does not elect to opt out of the program~~
64.7 after the covered employee's first day of employment.

64.8 (b) Paragraph (a) does not apply to a covered employer until the covered employer's
64.9 enrollment window has opened. No later than 14 days before the date of the first paycheck
64.10 from which employee contributions could be deducted for transmittal to the program, the
64.11 covered employer must provide the information prepared by the board regarding the program
64.12 to all covered employees of the covered employer.

64.13 Sec. 11. Minnesota Statutes 2024, section 187.07, subdivision 6, is amended to read:

64.14 Subd. 6. **Enforcement.** (a) As described under section 187.12, the board may impose:

64.15 (1) statutory civil penalties against any covered employer that fails to comply with
64.16 ~~subdivisions~~ subdivision 1, 2, and or 3; and

64.17 (2) statutory civil or criminal penalties against any covered employer that fails to comply
64.18 with subdivision 2.

64.19 (b) At the request of the board, the attorney general shall enforce the penalties imposed
64.20 by the board against a covered employer. Proceeds of such penalties, after deducting
64.21 enforcement expenses, must be deposited in the Secure Choice administrative fund and are
64.22 appropriated to the program.

64.23 (c) The board must provide ~~covered employers with~~ written warnings to any covered
64.24 employer who fails to comply with subdivision 1 or 3 or both subdivisions 1 and 3 for the
64.25 first year two years of noncompliance before assessing. If the covered employer has not
64.26 complied with subdivision 1 or 3 during the two-year period after the date on which the
64.27 covered employer was first required to comply with subdivision 1 or 3, as applicable, the
64.28 board must assess penalties.

64.29 Sec. 12. Minnesota Statutes 2024, section 187.08, subdivision 3, is amended to read:

64.30 Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except for:

65.1 (1) the executive directors of the Minnesota State Retirement System and the State Board
65.2 of Investment, who serve indefinitely; and

65.3 (2) the initial term of the member who is an executive or other professional with
65.4 substantial experience in retirement plan investments under subdivision 1, clause (3), item
65.5 (iii), and the member who is a human resources executive under subdivision 1, clause (4),
65.6 is three years.

65.7 (b) Board members' terms may be renewed, but no member may serve more than two
65.8 consecutive terms.

65.9 Sec. 13. Minnesota Statutes 2024, section 187.08, subdivision 7, is amended to read:

65.10 Subd. 7. **Executive director; staff.** (a) The board must appoint an executive director,
65.11 determine the duties of the executive director, and set the compensation of the executive
65.12 director. The board may appoint an interim executive director to serve as executive director
65.13 during any period that the executive director position is vacant.

65.14 (b) The executive director may participate in deliberations but must not vote on any
65.15 matter before the board. The executive director must not participate in deliberations on any
65.16 matter before the board that results or is likely to result in direct measurable economic gain
65.17 to the executive director or the executive director's family.

65.18 (c) The executive director must file with the Campaign Finance and Public Disclosure
65.19 Board an economic interest statement in a manner as prescribed by section 10A.09,
65.20 subdivisions 5 and 6.

65.21 ~~(b)~~ (d) The board may hire staff as necessary to support the board and the executive
65.22 director ~~or interim executive director~~ in performing their duties or the board may authorize
65.23 the executive director ~~or interim executive director~~ to hire staff.

65.24 Sec. 14. Minnesota Statutes 2024, section 187.11, is amended to read:

65.25 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

65.26 (a) The board may enter into intergovernmental agreements with the commissioner of
65.27 revenue, the commissioner of labor and industry, the commissioner of employment and
65.28 economic development, and any other state agency that the board deems necessary or
65.29 appropriate to provide outreach, technical assistance, or compliance services. An agency
65.30 that enters into an intergovernmental agreement with the board pursuant to this section must
65.31 collaborate and cooperate with the board to provide the outreach, technical assistance, or
65.32 compliance services under any such agreement. The board, executive director, and program

66.1 staff must maintain the privacy of data obtained under any intergovernmental agreement if
66.2 required under chapter 13.

66.3 (b) For purposes of section 268.19, subdivision 1, paragraph (a), clause (20), "assisting
66.4 with communication with employers and to verify employer compliance with chapter 187"
66.5 means providing the executive director with at least the following information for employers,
66.6 to the extent available to the commissioner of employment and economic development:

66.7 (1) federal employer identification number;

66.8 (2) business name, address, mailing address, email address, and phone number;

66.9 (3) number of employees; and

66.10 (4) employer industry code.

66.11 ~~(b)~~ (c) The commissioner of administration must provide office space in the Capitol
66.12 complex for the executive director and staff of the program.

66.13 Sec. 15. **[187.12] PENALTIES FOR NONCOMPLIANCE.**

66.14 Subdivision 1. Failure to enroll covered employees or distribute information. (a)
66.15 The board may assess penalties against a covered employer that fails to comply with section
66.16 187.07, subdivision 1 or 3 or both subdivisions 1 and 3, beginning with the second
66.17 anniversary of the date on which the covered employer was first required to comply with
66.18 section 187.07, subdivision 1 or 3, as applicable.

66.19 (b) The board may assess the following penalties for a covered employer's failure to
66.20 comply with section 187, subdivision 1 or 3:

66.21 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed
66.22 \$4,000;

66.23 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed
66.24 \$6,000;

66.25 (3) on the fourth anniversary, a penalty of \$300 per covered employee; and

66.26 (4) on each anniversary after the fourth anniversary, a penalty of \$500 per covered
66.27 employee.

66.28 (c) If the covered employer fails to comply with both subdivisions 1 and 3, the board
66.29 must assess two times the penalties in paragraph (b).

66.30 (d) The date on which a covered employer is first required to comply with section 187.07,
66.31 subdivision 1, is the following:

67.1 (1) for paragraph (a), on or before the 30th day after the first day of employment of a
67.2 covered employee hired by the covered employer; and

67.3 (2) for paragraph (b), on or before the 30th day after the end of the enrollment window
67.4 applicable to the covered employer.

67.5 (e) The date on which a covered employer is first required to comply with section 187.07,
67.6 subdivision 3, is the following:

67.7 (1) for paragraph (a), for a newly hired covered employee no later than 14 days after the
67.8 covered employee's first day of employment; and

67.9 (2) for paragraph (b), no later than the 14th day prior to the date of the first paycheck
67.10 from which employee contributions could be deducted for transmittal to the program.

67.11 Subd. 2. **Notice and waiver.** Before assessing a penalty under subdivision 1, the board
67.12 must provide the covered employer with a written notice informing the covered employer
67.13 of the amount of the penalty and that the penalty will not be assessed if:

67.14 (1) the covered employer cures the violation no later than 30 days after the date of the
67.15 notice; or

67.16 (2) the board waives the penalty at the request of the covered employer due to extenuating
67.17 circumstances.

67.18 Subd. 3. **Failure to remit contributions.** (a) If the executive director has reason to
67.19 believe, based on communication from a covered employee or another source, that a covered
67.20 employer has failed to comply with section 187.07, subdivision 2, by not remitting payroll
67.21 deduction contributions withheld from the paycheck of one or more covered employees
67.22 within 30 days after the deduction is withheld, the executive director must make a written
67.23 demand to the covered employer requiring the covered employer to immediately remit to
67.24 the program the withheld contributions plus interest at the annual rate specified in section
67.25 356.59, subdivision 2, for the period beginning with the tenth day after the contribution was
67.26 deducted from the covered employee's paycheck to the date the contribution is remitted to
67.27 the program.

67.28 (b) Any covered employer that willfully and intentionally fails to remit a payroll deduction
67.29 contribution within ten days after demand from the executive director is guilty of a
67.30 misdemeanor.

67.31 (c) If the executive director issues a written demand to a covered employer under
67.32 paragraph (a) for a second time, the executive director must assess a penalty of \$250 for
67.33 each employee contribution withheld but not transmitted to the program.

68.1 Subd. 4. **Action; damages.** (a) A covered employee or the attorney general, upon referral
68.2 from the board, may bring a civil action against a covered employer for a failure to enroll
68.3 covered employees, distribute information, or remit contributions under section 187.07,
68.4 subdivisions 1 to 3. A covered employer who is found to have violated these subdivisions
68.5 is liable to the program for the civil penalties provided for in this section. A covered employer
68.6 who is found to have violated these subdivisions is liable for compensatory damages and
68.7 other appropriate relief including but not limited to injunctive relief.

68.8 (b) The attorney general, upon referral from the board, may bring a criminal action
68.9 against a covered employer for the willful and intentional failure to remit contributions
68.10 under section 187.07, subdivision 2.

68.11 (c) An action brought under paragraph (a) or (b) may be filed in the district court of the
68.12 county in which a violation is alleged to have been committed, where the covered employer
68.13 resides or has a principal place of business, or any other court of competent jurisdiction.

68.14 (d) In an action brought under paragraph (a) or (b), the court must order a covered
68.15 employer who is found to have committed a violation to pay to the program or covered
68.16 employee, as appropriate, reasonable costs, disbursements, witness fees, and attorney fees.

68.17 Sec. 16. Minnesota Statutes 2024, section 268.19, subdivision 1, is amended to read:

68.18 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from
68.19 any person under the administration of the Minnesota Unemployment Insurance Law are
68.20 private data on individuals or nonpublic data not on individuals as defined in section 13.02,
68.21 subdivisions 9 and 12, and may not be disclosed except according to a district court order
68.22 or section 13.05. A subpoena is not considered a district court order. These data may be
68.23 disseminated to and used by the following agencies without the consent of the subject of
68.24 the data:

68.25 (1) state and federal agencies specifically authorized access to the data by state or federal
68.26 law;

68.27 (2) any agency of any other state or any federal agency charged with the administration
68.28 of an unemployment insurance program;

68.29 (3) any agency responsible for the maintenance of a system of public employment offices
68.30 for the purpose of assisting individuals in obtaining employment;

68.31 (4) the public authority responsible for child support in Minnesota or any other state in
68.32 accordance with section 518A.83;

- 69.1 (5) human rights agencies within Minnesota that have enforcement powers;
- 69.2 (6) the Department of Revenue to the extent necessary for its duties under Minnesota
69.3 laws;
- 69.4 (7) public and private agencies responsible for administering publicly financed assistance
69.5 programs for the purpose of monitoring the eligibility of the program's recipients;
- 69.6 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the
69.7 Department of Commerce for uses consistent with the administration of their duties under
69.8 Minnesota law;
- 69.9 (9) the Department of Human Services and the Office of Inspector General and its agents
69.10 within the Department of Human Services, including county fraud investigators, for
69.11 investigations related to recipient or provider fraud and employees of providers when the
69.12 provider is suspected of committing public assistance fraud;
- 69.13 (10) the Department of Human Services for the purpose of evaluating medical assistance
69.14 services and supporting program improvement;
- 69.15 (11) local and state welfare agencies for monitoring the eligibility of the data subject
69.16 for assistance programs, or for any employment or training program administered by those
69.17 agencies, whether alone, in combination with another welfare agency, or in conjunction
69.18 with the department or to monitor and evaluate the statewide Minnesota family investment
69.19 program and other cash assistance programs, the Supplemental Nutrition Assistance Program,
69.20 and the Supplemental Nutrition Assistance Program Employment and Training program by
69.21 providing data on recipients and former recipients of Supplemental Nutrition Assistance
69.22 Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
69.23 care assistance under chapter 142E, or medical programs under chapter 256B or 256L or
69.24 formerly codified under chapter 256D;
- 69.25 (12) local and state welfare agencies for the purpose of identifying employment, wages,
69.26 and other information to assist in the collection of an overpayment debt in an assistance
69.27 program;
- 69.28 (13) local, state, and federal law enforcement agencies for the purpose of ascertaining
69.29 the last known address and employment location of an individual who is the subject of a
69.30 criminal investigation;
- 69.31 (14) the United States Immigration and Customs Enforcement has access to data on
69.32 specific individuals and specific employers provided the specific individual or specific
69.33 employer is the subject of an investigation by that agency;

70.1 (15) the Department of Health for the purposes of epidemiologic investigations;

70.2 (16) the Department of Corrections for the purposes of case planning and internal research
70.3 for preprobation, probation, and postprobation employment tracking of offenders sentenced
70.4 to probation and preconfinement and postconfinement employment tracking of committed
70.5 offenders;

70.6 (17) the state auditor to the extent necessary to conduct audits of job opportunity building
70.7 zones as required under section 469.3201;

70.8 (18) the Office of Higher Education for purposes of supporting program improvement,
70.9 system evaluation, and research initiatives including the Statewide Longitudinal Education
70.10 Data System; ~~and~~

70.11 (19) the Family and Medical Benefits Division of the Department of Employment and
70.12 Economic Development to be used as necessary to administer chapter 268B; and

70.13 (20) the executive director or interim executive director of the Minnesota Secure Choice
70.14 Retirement Program established under chapter 187 for the purposes of assisting with
70.15 communication with employers and to verify employer compliance with chapter 187.

70.16 (b) Data on individuals and employers that are collected, maintained, or used by the
70.17 department in an investigation under section 268.182 are confidential as to data on individuals
70.18 and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3
70.19 and 13, and must not be disclosed except under statute or district court order or to a party
70.20 named in a criminal proceeding, administrative or judicial, for preparation of a defense.

70.21 (c) Data gathered by the department in the administration of the Minnesota unemployment
70.22 insurance program must not be made the subject or the basis for any suit in any civil
70.23 proceedings, administrative or judicial, unless the action is initiated by the department.

70.24 Sec. 17. **EFFECTIVE DATE.**

70.25 Sections 1 to 16 are effective the day following final enactment.

70.26 **ARTICLE 10**

70.27 **PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES; CORRECTION** 70.28 **OF ERRORS**

70.29 Section 1. Minnesota Statutes 2024, section 353G.08, subdivision 1a, is amended to read:

70.30 Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive
70.31 director shall determine the funding requirements of each ~~monthly benefit~~ fire department

71.1 account in the ~~statewide volunteer firefighter~~ monthly division of the defined benefit plan
71.2 on or before August 1.

71.3 (b) The executive director must determine the funding requirements of a ~~monthly benefit~~
71.4 fire department account under this subdivision from:

71.5 (1) the most recent actuarial valuation normal cost, administrative expense, including
71.6 the cost of a regular actuarial valuation, and amortization results for the account determined
71.7 by the approved actuary retained by the retirement association under sections 356.215 and
71.8 356.216; and

71.9 (2) the standards for actuarial work, utilizing a six percent investment return actuarial
71.10 assumption ~~and~~ ₂ other actuarial assumptions approved under section 356.215, subdivision
71.11 18~~;~~, and the amortization periods specified in section 356.215, subdivision 11.

71.12 ~~(i) with that portion of any unfunded actuarial accrued liability attributable to a benefit~~
71.13 ~~increase to be amortized over a period of 20 years from the date of the benefit change;~~

71.14 ~~(ii) with that portion of any unfunded actuarial accrued liability attributable to an~~
71.15 ~~assumption change or an actuarial method change to be amortized over a period of 20 years~~
71.16 ~~from the date of the assumption or method change;~~

71.17 ~~(iii) with that portion of any unfunded actuarial accrued liability attributable to an~~
71.18 ~~investment loss to be amortized over a period of ten years from the date of investment loss;~~
71.19 ~~and~~

71.20 ~~(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over~~
71.21 ~~a period of five years from the date of the actuarial valuation.~~

71.22 (c) The required contributions of the entity or entities associated with the fire department
71.23 whose active firefighters are covered by the monthly division are the annual financial
71.24 requirements of the ~~monthly benefit~~ fire department account ~~of the plan~~ under paragraph
71.25 (b) reduced by the amount of any fire state aid payable under chapter 477B, or any police
71.26 and firefighter retirement supplemental state aid payable under section 423A.022, that is
71.27 reasonably anticipated to be received by the plan attributable to the entity or entities during
71.28 the following calendar year. The required contribution must be allocated between the entities
71.29 if more than one entity is involved. A reasonable amount of anticipated fire state aid is an
71.30 amount that does not exceed the fire state aid actually received in the prior year multiplied
71.31 by the factor 1.035.

71.32 (d) The required contribution calculated in paragraph (c) must be paid to the plan on or
71.33 before December 31 of the year for which it was calculated. If the contribution is not received

72.1 by the plan by December 31, it is payable with interest at an annual compound rate of six
72.2 percent from the date due until the date payment is received by the plan. If the entity does
72.3 not pay the full amount of the required contribution, the executive director shall collect the
72.4 unpaid amount under section 353.28, subdivision 6.

72.5 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
72.6 the amendment to paragraph (b), clause (2), is effective beginning with actuarial valuations
72.7 on or after July 1, 2025.

72.8 Sec. 2. Minnesota Statutes 2024, section 356.215, subdivision 1, is amended to read:

72.9 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to 356.23,
72.10 each of the terms in the following paragraphs has the meaning given.

72.11 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
72.12 under section 356.214 if so required under section 3.85, or otherwise, by an approved
72.13 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan,
72.14 according to the entry age actuarial cost method and based upon stated assumptions including,
72.15 but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and
72.16 retirement and to determine the payment necessary to amortize over a stated period any
72.17 unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the
72.18 benefit plan.

72.19 (c) "Approved actuary" means:

72.20 (1) a person who is regularly engaged in the business of providing actuarial services and
72.21 who is a fellow in the Society of Actuaries; or

72.22 (2) a firm that retains a person described in clause (1) on its staff.

72.23 (d) "Entry age actuarial cost method" means an actuarial cost method under which the
72.24 actuarial present value of the projected benefits of each individual currently covered by the
72.25 benefit plan and included in the actuarial valuation is allocated on a level basis over the
72.26 service of the individual, if the benefit plan is governed by section 424A.093, or over the
72.27 earnings of the individual, if the benefit plan is governed by any other law, between the
72.28 entry age and the assumed exit age, with the portion of the actuarial present value which is
72.29 allocated to the valuation year to be the normal cost and the portion of the actuarial present
72.30 value not provided for at the valuation date by the actuarial present value of future normal
72.31 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
72.32 the sum of the calculated result for each covered individual and with recognition given to
72.33 any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "Actuarial value of assets" means the market value of all assets as of the preceding June 30, reduced by:

(1) 20 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(2) 40 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(3) 60 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(4) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of the actuarial value of assets and the present value of future normal costs.

~~(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the~~

74.1

effect of projected salary increases and any step rate benefit accrual rate differences, to each

74.2

year of credited and expected future employee service.

74.3

(h) "Standards for actuarial work" means the document required under section 3.85,

74.4

subdivision 10, to be adopted by the Legislative Commission on Pensions and Retirement

74.5

as so adopted and amended from time to time.

74.6

EFFECTIVE DATE. This section is effective the day following final enactment.

74.7

Sec. 3. Minnesota Statutes 2024, section 356.215, subdivision 4, is amended to read:

74.8

Subd. 4. **Actuarial valuation; contents.** (a) The actuarial valuation must be made in

74.9

conformity with the requirements of the definition contained in subdivision 1 and the ~~most~~

74.10

~~recent~~ standards for actuarial work ~~adopted by the Legislative Commission on Pensions~~

74.11

~~and Retirement.~~

74.12

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in

74.13

accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be

74.14

in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance

74.15

with the entry age actuarial cost method. The actuarial valuation required under this section

74.16

must include the information required in subdivisions 5 to 15.

74.17

EFFECTIVE DATE. This section is effective the day following final enactment.

74.18

Sec. 4. Minnesota Statutes 2024, section 356.215, subdivision 8, is amended to read:

74.19

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable

74.20

following investment return assumption:

	plan	investment return assumption
74.21		
74.22		
74.23	general state employees retirement plan	7%
74.24	correctional state employees retirement plan	7
74.25	State Patrol retirement plan	7
74.26	legislators retirement plan, and for the	0
74.27	constitutional officers calculation of total plan	
74.28	liabilities	
74.29	judges retirement plan	7
74.30	general public employees retirement plan	7
74.31	public employees police and fire retirement plan	7
74.32	local government correctional service retirement	7
74.33	plan	
74.34	teachers retirement plan	7

75.1	St. Paul teachers retirement plan	7
75.2	Bloomington Fire Department Relief Association	6
75.3	local monthly benefit volunteer firefighter relief	5
75.4	associations	
75.5	monthly benefit retirement plans in the statewide	6
75.6	volunteer firefighter retirement plan	

75.7 (b) The actuarial valuation for each of the covered retirement plans listed in section
75.8 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
75.9 into account the postretirement adjustment rate or rates applicable to the plan as specified
75.10 in section 354A.29, subdivision 7, or 356.415, whichever applies.

75.11 (c) The actuarial valuation must use the applicable salary increase and payroll growth
75.12 assumptions found in the appendix to the standards for actuarial work ~~adopted by the~~
75.13 ~~Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision~~
75.14 ~~10.~~ The appendix must be updated whenever new assumptions have been approved or
75.15 deemed approved under subdivision 18.

75.16 (d) The assumptions set forth in the appendix to the standards for actuarial work continue
75.17 to apply, unless a different salary assumption or a different payroll increase assumption:

75.18 (1) has been proposed by the governing board of the applicable retirement plan;

75.19 (2) is accompanied by the concurring recommendation of the actuary retained under
75.20 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most
75.21 recent actuarial valuation report if section 356.214 does not apply; and

75.22 (3) has been approved or deemed approved under subdivision 18.

75.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

75.24 Sec. 5. Minnesota Statutes 2024, section 356.215, subdivision 11, is amended to read:

75.25 Subd. 11. **Amortization contributions.** (a) ~~In addition to the exhibit indicating the level~~
75.26 ~~normal cost,~~ The actuarial valuation of the retirement each pension plan listed in subdivision
75.27 8, paragraph (a), other than the legislators retirement plan, the Bloomington Fire Department
75.28 Relief Association, and the local monthly benefit volunteer firefighter relief associations,
75.29 must contain an exhibit ~~for financial reporting purposes~~ indicating the additional annual
75.30 contribution sufficient to amortize on a level percent of payroll basis the unfunded actuarial
75.31 accrued liability ~~and must contain an exhibit indicating the additional contribution sufficient~~
75.32 ~~to amortize the unfunded actuarial accrued liability. For the retirement plans listed in~~
75.33 ~~subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington~~

~~Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis, resulting from any of the following changes, over the period specified for that change, except that the pension plan's unfunded actuarial accrued liability as of July 1, 2024, must be amortized over a period that ends June 30, 2048:~~

(1) experience gain or loss: 15 years;

(2) assumption or method change: 20 years;

(3) benefit change for active members: 15 years;

(4) long-term benefit change for inactive members: 15 years;

(5) short-term benefit change for inactive members: the number of years during which the benefit change will be in effect; and

(6) an annual contribution that is more or less than the actuarially determined contribution: 15 years.

(b) The amortization periods specified in paragraph (a) apply:

(1) unless the standards for actuarial work state otherwise;

(2) except that, for the legislators retirement plan, the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability must be calculated on a level dollar basis with an amortization period of one year; and (3) except that, for the State Patrol retirement plan, the public employees police and fire retirement plan, and the Teachers Retirement Association, the unfunded actuarial accrued liability resulting from benefit increases enacted in 2025 must be amortized over a period that ends June 30, 2048.

~~(b) This paragraph applies only if the calculation under this paragraph for a retirement plan results in an established date for full funding that is earlier than the established date for full funding applicable to the retirement plan under paragraph (c). For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other~~

77.1 ~~items of increase or decrease, produce a net increase in the unfunded actuarial accrued~~
77.2 ~~liability in the fund, the established date for full funding must be determined using the~~
77.3 ~~following procedure:~~

77.4 ~~(i) the unfunded actuarial accrued liability of the fund must be determined in accordance~~
77.5 ~~with the plan provisions governing annuities and retirement benefits and the actuarial~~
77.6 ~~assumptions in effect before an applicable change;~~

77.7 ~~(ii) the level annual dollar contribution or level percentage, whichever is applicable,~~
77.8 ~~needed to amortize the unfunded actuarial accrued liability amount determined under item~~
77.9 ~~(i) by the established date for full funding in effect before the change must be calculated~~
77.10 ~~using the investment return assumption specified in subdivision 8 in effect before the change;~~

77.11 ~~(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance~~
77.12 ~~with any new plan provisions governing annuities and benefits payable from the fund and~~
77.13 ~~any new actuarial assumptions and the remaining plan provisions governing annuities and~~
77.14 ~~benefits payable from the fund and actuarial assumptions in effect before the change;~~

77.15 ~~(iv) the level annual dollar contribution or level percentage, whichever is applicable,~~
77.16 ~~needed to amortize the difference between the unfunded actuarial accrued liability amount~~
77.17 ~~calculated under item (i) and the unfunded actuarial accrued liability amount calculated~~
77.18 ~~under item (iii) over a period of 30 years from the end of the plan year in which the applicable~~
77.19 ~~change is effective must be calculated using the applicable investment return assumption~~
77.20 ~~specified in subdivision 8 in effect after any applicable change;~~

77.21 ~~(v) the level annual dollar or level percentage amortization contribution under item (iv)~~
77.22 ~~must be added to the level annual dollar amortization contribution or level percentage~~
77.23 ~~calculated under item (ii);~~

77.24 ~~(vi) the period in which the unfunded actuarial accrued liability amount determined in~~
77.25 ~~item (iii) is amortized by the total level annual dollar or level percentage amortization~~
77.26 ~~contribution computed under item (v) must be calculated using the investment return~~
77.27 ~~assumption specified in subdivision 8 in effect after any applicable change, rounded to the~~
77.28 ~~nearest integral number of years, but not to exceed 30 years from the end of the plan year~~
77.29 ~~in which the determination of the established date for full funding using the procedure set~~
77.30 ~~forth in this clause is made and not to be less than the period of years beginning in the plan~~
77.31 ~~year in which the determination of the established date for full funding using the procedure~~
77.32 ~~set forth in this clause is made and ending by the date for full funding in effect before the~~
77.33 ~~change; and~~

~~(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.~~

~~(c) The established date for full funding is the date provided for each of the following plans:~~

~~(i) for the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048;~~

~~(ii) for the Teachers Retirement Association, the established date for full funding is June 30, 2048;~~

~~(iii) for the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048;~~

~~(iv) for the judges retirement plan, the established date for full funding is June 30, 2048;~~

~~(v) for the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048;~~

~~(vi) for the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048; and~~

~~(vii) for the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.~~

~~(d) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.~~

EFFECTIVE DATE. This section is effective beginning with the July 1, 2025, actuarial valuations.

Sec. 6. Minnesota Statutes 2024, section 356.215, subdivision 17, is amended to read:

Subd. 17. **Actuarial services by approved actuaries.** (a) The actuarial valuation or quadrennial experience study must be made and any actuarial consulting services for a retirement fund or plan must be provided by an approved actuary. The actuarial valuation or quadrennial experience study must include a signed written declaration that it has been

prepared according to sections 356.20 to 356.23 and according to the ~~most recent~~ standards for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

(b) Actuarial valuations or experience studies prepared by an approved actuary retained by a retirement fund or plan must be submitted to the Legislative Commission on Pensions and Retirement within ten days of the submission of the document to the retirement fund or plan.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2024, section 356.636, subdivision 2, is amended to read:

Subd. 2. **Correction of errors.** (a) The executive director of a pension fund may correct ~~an operational, demographic, or employer or employee eligibility error, made by a pension~~ fund or an error in a plan document that is not a statute if the executive director determines that correction is necessary or appropriate to preserve and protect the tax qualification of any pension or retirement plan listed in section 356.611, subdivision 6, that is ~~part of~~ administered by the pension fund. The method of correction must comply with the Internal Revenue Service Employee Plans Compliance Resolution System (EPCRS) or any successor thereto, if the EPCRS addresses the error and correction.

(b) To the extent deemed necessary by the executive director to implement correction, the executive director may:

(1) make distributions;

(2) transfer assets;

(3) recover an overpayment by reducing future benefit payments or designating appropriate revenue or source of funding that will restore to the plan the amount of the overpayment; or

(4) take any other action that will restore the plan and any affected member or participant to the position the plan, member, or participant would have been in had the error not occurred.

(c) An executive director may correct an error under paragraph (a) or (b) without regard to any statute that imposes a time limitation on making such correction.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2024, section 356.636, subdivision 3, is amended to read:

Subd. 3. **Annual report.** (a) The executive director of each pension fund must submit a report annually, ~~no later than each February 1,~~ to the chair and executive director of the

Legislative Commission on Pensions and Retirement ~~on whether the executive director of the pension fund corrected any operational, demographic, employer or employee eligibility, no later than each February 1. The report must describe each error or plan document error corrected under subdivision 2 during the preceding calendar year-, other than:~~

(1) an error corrected in the ordinary course of business; and

(2) correction authorized by current law, including but not limited to correction authorized under sections 352.04, 353.27, 354.42, 356.401, and 356.637.

(b) The report must describe the error, the pension or retirement plan affected by the error, the method of correction, and the cost, if any, to the pension or retirement plan, employee, or employer of the error and correction.

(c) An error is corrected in the ordinary course of business if it is a correction or cancellation of an overpayment or an adjustment of an ongoing annuity amount.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 11

PUBLIC SAFETY BENEFIT INCREASES

Section 1. Minnesota Statutes 2024, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; ~~PERA-~~ public employees police and fire retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) for each annuitant or benefit recipient who will have been receiving an annuity or benefit for at least ~~36~~ 24 full months as of the immediate preceding June 30, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or

(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least ~~25~~ 13 full months, but less than ~~36~~ 24 months as of the immediate preceding June 30, a postretirement increase of 1/12 of one percent for each full month that the person has been receiving an annuity or benefit during the fiscal year in which the annuity or benefit was effective must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the

81.1 executive director of the Public Employees Retirement Association requesting that the
81.2 increase not be made.

81.3 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
81.4 on or after January 1, 2026.

81.5 Sec. 2. Minnesota Statutes 2024, section 356.415, subdivision 1e, is amended to read:

81.6 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)
81.7 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
81.8 retirement plan are entitled to an annual postretirement adjustment, effective as of each
81.9 January 1, as follows:

81.10 (1) a postretirement increase of ~~one~~ 1.25 percent must be applied each year to the monthly
81.11 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
81.12 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
81.13 before the adjustment; and

81.14 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
81.15 for at least one full month, but less than 12 full months as of the June 30 of the calendar
81.16 year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~one~~
81.17 1.25 percent for each month that the person has been receiving an annuity or benefit must
81.18 be applied to the amount of the monthly annuity or benefit of each annuitant or benefit
81.19 recipient.

81.20 (b) An increase in annuity or benefit payments under this subdivision must be made
81.21 automatically unless written notice is filed by the annuitant or benefit recipient with the
81.22 executive director of the ~~applicable covered~~ Minnesota State Retirement plan System
81.23 requesting that the increase not be made.

81.24 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
81.25 on or after January 1, 2026.

81.26 Sec. 3. **POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2026.**

81.27 (a) Notwithstanding Minnesota Statutes, section 356.415, subdivisions 1c, the
81.28 postretirement adjustment for the year beginning January 1, 2026, and ending December
81.29 31, 2026, is three percent for eligible recipients of a retirement annuity, disability benefit,
81.30 or survivor benefit from the public employees police and fire retirement plan.

81.31 (b) A recipient is an eligible recipient if:

82.1 (1) the recipient's annuity or benefit is attributable to service as a member of the public
82.2 employees police and fire plan; and

82.3 (2) the recipient has received monthly benefits for at least 12 full months as of December
82.4 31, 2025.

82.5 **EFFECTIVE DATE.** This section is effective for the postretirement adjustment on
82.6 January 1, 2026.

82.7 **ARTICLE 12**
82.8 **DIRECT STATE AID FOR PUBLIC SAFETY PLANS**

82.9 Section 1. **[352B.251] DIRECT STATE AID.**

82.10 Subdivision 1. **Aid.** The commissioner of management and budget must transfer
82.11 \$2,300,000 annually from the general fund to the State Patrol retirement fund on or before
82.12 October 1, 2025, and October 1 of each year thereafter.

82.13 Subd. 2. **Aid expiration.** The aid under subdivision 1 expires July 1, 2048.

82.14 Sec. 2. Minnesota Statutes 2024, section 353.65, subdivision 3b, is amended to read:

82.15 Subd. 3b. **Direct state aid.** (a) The state must pay \$4,500,000 on October 1, 2018, and
82.16 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of
82.17 each year after 2019, the state must pay \$9,000,000 to the public employees police and fire
82.18 retirement plan.

82.19 (b) By October 1 of each year after 2024, the state must pay \$17,700,000 to the public
82.20 employees police and fire retirement plan.

82.21 (c) The commissioner of management and budget must pay the aid specified in this
82.22 subdivision. The amount required is annually appropriated from the general fund to the
82.23 commissioner of management and budget.

82.24 ~~(b)~~ (d) The aid under paragraph (a) continues until the earlier of:

82.25 (1) the first day of the fiscal year following three consecutive fiscal years in which, for
82.26 each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of
82.27 the actuarial accrued liabilities as reported by the actuary retained under section 356.214
82.28 in the annual actuarial valuation prepared under section 356.215; or

82.29 (2) July 1, 2048.

82.30 (e) The aid under paragraph (b) expires July 1, 2048.

83.1 **EFFECTIVE DATE.** Sections 1 to 2 are effective the day following final enactment.

83.2 **ARTICLE 13**

83.3 **TEACHER RETIREMENT ASSOCIATION BENEFIT INCREASES**

83.4 Section 1. Minnesota Statutes 2024, section 126C.10, subdivision 37, is amended to read:

83.5 Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment
83.6 revenue equals the sum of:

83.7 (1) the greater of zero or the product of:

83.8 (i) the difference between the district's adjustment under Minnesota Statutes 2012, section
83.9 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average
83.10 adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year
83.11 2014 per adjusted pupil unit; and

83.12 (ii) the district's adjusted pupil units for the fiscal year; and

83.13 (2) the product of the salaries paid to district employees who were members of the
83.14 Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association
83.15 for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The
83.16 pension adjustment rate for Independent School District No. 625, St. Paul, equals 2.3 percent
83.17 for fiscal year 2023, 2.5 percent for fiscal year 2024 and fiscal year 2025, and 3.25 percent
83.18 for fiscal year 2026 and later. The pension adjustment rate for all other districts equals ~~1.05~~
83.19 ~~percent for fiscal year 2023, 1.25 percent for fiscal year 2024 and fiscal year 2025, and 2.0~~
83.20 2.31 percent for fiscal year 2026 and later.

83.21 (b) For fiscal year 2025, the state total pension adjustment revenue under paragraph (a),
83.22 clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal
83.23 year 2024. The commissioner must prorate the pension adjustment revenue under paragraph
83.24 (a), clause (2), so as not to exceed the maximum.

83.25 (c) For fiscal year 2026 and fiscal year 2027, the state total pension adjustment revenue
83.26 under paragraph (a), clause (2), must not be prorated.

83.27 (d) For fiscal year 2028 and later, the state total pension adjustment revenue under
83.28 paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause
83.29 (2), for fiscal year 2027. The commissioner must prorate the pension adjustment revenue
83.30 under paragraph (a), clause (2), so as not to exceed the maximum.

83.31 (e) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in
83.32 section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph

84.1 (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be
84.2 paid to the cooperative unit.

84.3 **EFFECTIVE DATE.** This section is effective for revenue in fiscal years 2026 and later.

84.4 Sec. 2. Minnesota Statutes 2024, section 354.42, subdivision 3, is amended to read:

84.5 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School
84.6 District No. 1, Minneapolis, is an amount equal to the applicable following percentage of
84.7 salary of each coordinated member and the applicable percentage of salary of each basic
84.8 member specified in paragraph (c).

84.9 The additional employer contribution to the fund by Special School District No. 1,
84.10 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a
84.11 coordinated member or who is a basic member.

84.12 (b) The regular employer contribution to the fund by Independent School District No.
84.13 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or
84.14 new law coordinated member specified for the coordinated program in paragraph (c).

84.15 (c) The employer contribution to the fund for every other employer is an amount equal
84.16 to the applicable following percentage 9.81 percent of the salary of each coordinated member
84.17 and the applicable following percentage 13.81 percent of the salary of each basic member:

84.18	Period	Coordinated Member	Basic Member
84.19	from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
84.20	from July 1, 2023, through June 30, 2025	8.75 percent	12.75 percent
84.21	after June 30, 2025	9.5 percent	13.5 percent

84.22 (d) When an employer contribution rate changes for a fiscal year, the new contribution
84.23 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
84.24 reported.

84.25 **EFFECTIVE DATE.** This section is effective June 30, 2025.

84.26 Sec. 3. Minnesota Statutes 2024, section 354.44, subdivision 6, is amended to read:

84.27 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula
84.28 retirement annuity must be computed in accordance with the applicable provisions of the
84.29 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under
84.30 section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.2 percent per year	2.2 percent per year
Each year of service thereafter	1.7 percent per year	2.7 percent per year

For service rendered on or after July 1, 2006, by a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.4 percent per year	2.2 percent per year
Each year of service after ten years of service	1.9 percent per year	2.7 percent per year

(c)(1) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(2) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(3) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c).

(1) For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a basic member determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date.

(2) For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive ~~the normal~~ an annuity ~~provided in paragraph (d), reduced as described in under~~ clause (1) or (2), as applicable.

(1) For a member who is at least age ~~62~~ 60 and has at least 30 years of service, the annuity ~~shall be~~ is the normal annuity provided in paragraph (d) reduced by an early reduction factor of ~~six~~ five percent for each year that the member's age of retirement precedes the normal retirement age. The resulting reduced annuity shall be further adjusted to take into

account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at 2.5 percent, if the member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(2) For a member who has not attained age ~~62~~ 60 or has fewer than 30 years of service, the annuity ~~shall be~~ is the normal annuity provided in paragraph (d) reduced for each year that the member's age of retirement precedes normal retirement age by the following early reduction factors:

(i) for the period during which the member is age 55 through age 58, the factor is four percent; and

(ii) for the period during which the member is at least age 59 but not yet normal retirement age, the factor is seven percent.

The resulting annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at the applicable annual rate, compounded annually. The applicable annual rate is the rate in effect for the month that includes the member's effective date of retirement and ~~shall~~ must be considered as fixed for the member for the period until the member reaches normal retirement age. The applicable annual rate for June 2019 is 2.5 percent, if the member commenced employment after June 30, 2006, or three percent, if the member commenced employment before July 1, 2006, compounded annually, and decreases each month beginning July 2019 in equal monthly increments over the five-year period that begins July 1, 2019, and ends June 30, 2024, to zero percent effective for July 2024 and thereafter.

After June 30, 2024, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

EFFECTIVE DATE. This section is effective June 30, 2025.

88.1 Sec. 4. Minnesota Statutes 2024, section 356.415, subdivision 1d, is amended to read:

88.2 Subd. 1d. **Annual postretirement adjustments; Teachers Retirement Association**
88.3 **annual postretirement adjustments.** (a) Except as set forth in paragraph (d), recipients of
88.4 a retirement annuity, disability benefit, or survivor benefit from the Teachers Retirement
88.5 Association are entitled to an annual postretirement adjustment, effective as of each January
88.6 1, as follows:

88.7 ~~(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of~~
88.8 ~~one percent must be applied each year to the amount of the monthly annuity or benefit of~~
88.9 ~~each annuitant or benefit recipient who has been receiving an annuity or a benefit for at~~
88.10 ~~least 12 full months as of the June 30 of the calendar year immediately before the adjustment;~~

88.11 ~~(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit~~
88.12 ~~recipient who has been receiving an annuity or a benefit for at least one full month, but less~~
88.13 ~~than 12 full months as of the June 30 of the calendar year immediately before the adjustment,~~
88.14 ~~a postretirement increase of 1/12 of one percent for each month the person has been receiving~~
88.15 ~~an annuity or benefit must be applied to the amount of the monthly annuity or benefit of~~
88.16 ~~the annuitant or benefit recipient;~~

88.17 ~~(3) effective January 1, 2024, and thereafter, (1)~~ a postretirement increase must be applied
88.18 each year to the amount of the monthly annuity or benefit of each annuitant or benefit
88.19 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
88.20 June 30 of the calendar year immediately before the adjustment, at the following rates:

88.21	from January 1, 2024, through December 31, 2024	1.1 percent
88.22	from January 1, 2025, through December 31, 2025	1.2 percent
88.23	from January 1, 2026, through December 31, 2026	1.3 percent
88.24	from January 1, 2027, through December 31, 2027	1.4 percent
88.25	from January 1, 2028, and thereafter	1.5 percent

88.26 ~~(4) effective January 1, 2024, and thereafter, (2)~~ for each annuitant or benefit recipient
88.27 who has been receiving an annuity or a benefit for at least one full month, but less than 12
88.28 full months, as of the June 30 of the calendar year immediately before the adjustment, an
88.29 annual postretirement increase of 1/12 of the applicable percentage for each month that the
88.30 person has been receiving an annuity or benefit must be applied to the amount of the monthly
88.31 annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the
88.32 following:

88.33	from January 1, 2024, through December 31, 2024	1.1 percent
88.34	from January 1, 2025, through December 31, 2025	1.2 percent

89.1	from January 1, 2026, through December 31, 2026	1.3 percent
89.2	from January 1, 2027, through December 31, 2027	1.4 percent
89.3	from January 1, 2028, and thereafter	1.5 percent

89.4 (b) An increase in annuity or benefit payments under this section must be made
89.5 automatically unless written notice is filed by the annuitant or benefit recipient with the
89.6 executive director of the Teachers Retirement Association requesting that the increase not
89.7 be made.

89.8 (c) The retirement annuity payable to a person who retires before becoming eligible for
89.9 Social Security benefits and who has elected the optional payment as provided in section
89.10 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
89.11 annuity for the purposes of any postretirement adjustment. The period-certain retirement
89.12 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
89.13 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
89.14 payable under section 354.35. A postretirement adjustment granted on the period-certain
89.15 retirement annuity must terminate when the period-certain retirement annuity terminates.

89.16 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement
89.17 adjustment of the member's retirement annuity, effective as of each January 1, beginning
89.18 with the year following the year in which the member attains normal retirement age, as
89.19 follows:

89.20 (1) if a member has been receiving an annuity for at least 12 full months as of the June
89.21 30 of the calendar year immediately before the date of the adjustment, a postretirement
89.22 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
89.23 effective on January 1, to the amount of the member's monthly annuity;

89.24 (2) if a member has been receiving an annuity for at least one full month, but less than
89.25 12 full months as of the June 30 of the calendar year immediately before the date of
89.26 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in
89.27 paragraph (a), clause (4), for each month that the member has been receiving an annuity
89.28 must be applied, effective on January 1, to the amount of the member's monthly annuity;
89.29 or

89.30 (3) if a member has been receiving an annuity for fewer than seven months as of the
89.31 January 1 of the year following the year in which the member attains normal retirement
89.32 age, a postretirement adjustment shall be applied effective as of the next January 1. The
89.33 amount of the adjustment shall be determined under clause (2).

~~(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f), as applicable.~~

EFFECTIVE DATE. This section is effective June 30, 2025.

ARTICLE 14

APPROPRIATIONS FOR TEACHERS RETIREMENT ASSOCIATION

Section 1. APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.

(a) \$4,000 in fiscal year 2026 and \$4,000 in fiscal year 2027 are appropriated from the general fund to the Department of Education for increased employer pension contributions to the Teachers Retirement Association.

(b) \$17,000 in fiscal year 2026 and \$17,000 in fiscal year 2027 are appropriated from the general fund to the Minnesota State Academies for increased employer pension contributions to the Teachers Retirement Association.

(c) \$5,000 in fiscal year 2026 and \$5,000 in fiscal year 2027 are appropriated from the general fund to the Perpich Center for the Arts for increased employer pension contributions to the Teachers Retirement Association.

(d) \$543,000 in fiscal year 2026 and \$543,000 in fiscal year 2027 are appropriated from the general fund to the Minnesota State Colleges and Universities for increased employer pension contributions to the Teachers Retirement Association.

Sec. 2. EDUCATION APPROPRIATIONS.

Subdivision 1. **Department of Education.** The sums indicated are appropriated from the general fund to the Department of Education for the fiscal years designated. These sums are in addition to appropriations made for the same purpose in any other law.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$</u>	<u>17,098,000</u>	<u>.....</u>	<u>2026</u>
<u>\$</u>	<u>19,711,000</u>	<u>.....</u>	<u>2027</u>

The 2026 appropriation includes \$0 for 2025 and \$17,098,000 for 2026.

The 2027 appropriation includes \$1,899,000 for 2026 and \$17,812,000 for 2027.

ARTICLE 15**DUTY DISABILITY BENEFITS AND CONTINUATION OF HEALTH COVERAGE
FOR PEACE OFFICERS AND FIREFIGHTERS**

Section 1. Minnesota Statutes 2024, section 299A.465, subdivision 1, is amended to read:

Subdivision 1. **Officer or firefighter disabled in line of duty.** (a) This subdivision applies to any peace officer or firefighter:

(1) who the Public Employees Retirement Association or the Minnesota State Retirement System determines is eligible to receive a duty disability benefit pursuant to section 353.656 or 352B.10, subdivision 1, respectively; or

(2) who ~~(i) does not qualify to receive disability benefits by operation of the eligibility requirements set forth in section 353.656, subdivision 1, paragraph (b), (ii) retires pursuant to section 353.651, subdivision 4, or (iii)~~ is a member of a local police or salaried firefighters relief association and qualifies for a duty disability benefit under the terms of plans of the relief associations, and the peace officer or firefighter ~~described in item (i), (ii), or (iii)~~ has discontinued public service as a peace officer or firefighter as a result of a disabling injury and has been determined, by the Public Employees Retirement Association, to have otherwise met the duty disability criteria set forth in section 353.01, subdivision 41.

(b) ~~A determination made on behalf of a peace officer or firefighter described in paragraph (a), clause (2), must be at the request of the peace officer or firefighter made for the purposes of this section.~~ Determinations made in accordance with paragraph (a) are binding on the peace officer or firefighter, employer, and state. The determination must be made by the executive director of the Public Employees Retirement Association or by the executive director of the Minnesota State Retirement System, whichever applies, and is not subject to section 356.96, subdivision 2. Upon making a determination, the executive director ~~shall~~ must provide written notice to the peace officer or firefighter and the employer. ~~This~~ The notice must include: ~~(1) a written statement of the reasons for the determination; (2). If the notice is from the executive director of the Minnesota State Retirement System, the notice must also include:~~

(1) a notice that the person may petition for a review of the determination by requesting that a contested case be initiated before the Office of Administrative Hearings, the cost of which must be borne by the peace officer or firefighter and the employer; and

~~(3)~~ (2) a statement that any person who does not petition for a review within 60 days is precluded from contesting issues determined by the executive director in any other administrative review or court procedure.

92.1 If, prior to the contested case hearing, additional information is provided to support the
92.2 claim for duty disability as defined in section 352B.011, subdivision 7, ~~or 353.01, subdivision~~
92.3 ~~41, whichever applies~~, the executive director may reverse the determination without the
92.4 requested hearing. If a hearing is held before the Office of Administrative Hearings, the
92.5 determination rendered by the judge conducting the fact-finding hearing is a final decision
92.6 and order under section 14.62, subdivision 2a, and is binding on the applicable executive
92.7 director, the peace officer or firefighter, employer, and state. Review of a final determination
92.8 made by the Office of Administrative Hearings under this section may only be obtained by
92.9 writ of certiorari to the Minnesota Court of Appeals under sections 14.63 to 14.68. Only
92.10 the peace officer or firefighter, employer, and state have standing to participate in a judicial
92.11 review of the decision of the Office of Administrative Hearings.

92.12 (c) The officer's or firefighter's employer ~~shall~~ must continue to provide health coverage
92.13 and pay for the coverage as required by paragraphs (d) to (g) for:

92.14 (1) the officer or firefighter; and

92.15 (2) the officer's or firefighter's dependents if the officer or firefighter was receiving
92.16 dependent coverage at the time of the injury under the employer's group health plan.

92.17 (d) For an officer or firefighter who has applied for or been approved to receive benefits
92.18 under section 353.656 prior to the date of enactment or an officer or firefighter who applies
92.19 for and is approved for total and permanent duty disability benefits under section 353.656,
92.20 subdivision 1a, the employer is responsible for the continued payment of the employer's
92.21 contribution for health coverage of the officer or firefighter and, if applicable, the officer's
92.22 or firefighter's dependents. Coverage must continue for the officer or firefighter and, if
92.23 applicable, the officer's or firefighter's dependents until the officer or firefighter reaches
92.24 age 65 or, if deceased, would have reached age 65.

92.25 (e) For an officer or firefighter approved to receive benefits under section 353.656 on
92.26 or after the date of enactment and who is not approved for total and permanent duty disability
92.27 benefits under section 353.656, subdivision 1a, the employer is responsible for the continued
92.28 payment of the employer's contribution for health coverage of the officer or firefighter and,
92.29 if applicable, the officer's or firefighter's dependents. Coverage must continue:

92.30 (1) for the officer or firefighter for a period of 60 months or, if earlier, until the officer
92.31 or firefighter reaches age 65; and

92.32 (2) for the officer's or firefighter's dependents for a period of 60 months.

(f) For an officer or firefighter who has applied for or been approved to receive benefits under section 352B.10, subdivision 1, the employer is responsible for the continued payment of the employer's contribution for health coverage of the officer or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must continue for the officer or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or firefighter reaches age 65 or, if deceased, would have reached age 65.

~~(d) The employer is responsible for the continued payment of the employer's contribution for coverage of the officer or firefighter and, if applicable, the officer's or firefighter's dependents. Coverage must continue for the officer or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or firefighter reaches or, if deceased, would have reached the age of 65. However,~~(g) The employer is not required to continue health coverage for dependents does not have to be continued after the person is no longer a dependent.

(h) An officer or firefighter who has applied for or been approved to receive benefits under section 353.656 may affirmatively waive health coverage under this section but must not receive any payment or other consideration from the employer in exchange for waiver of the coverage. Any agreement entered into between an officer or firefighter who has applied for or been approved to receive benefits under section 353.656 and the officer's or firefighter's employer or the employer's agent providing for compensation for a waiver of coverage under this section is void. Nothing in this subdivision shall be construed to render void any agreement entered into prior to the date of enactment.

(i) Once a duty disability determination is made pursuant to section 353.656, the employer has no right to challenge and is prohibited from challenging the continuation and payment of health coverage under this section.

Sec. 2. Minnesota Statutes 2024, section 353.032, subdivision 3, is amended to read:

Subd. 3. **Approval.** (a) An employee who applies for treatment of a psychological condition that was a result of the performance of duties related to the occupation and cannot perform the normal duties of the position held by the employee on the date of injury, event, or onset of mental illness must receive approval from the executive director for psychological treatment as provided under this subdivision.~~(b) The executive director shall grant approval to an employee who submits, in the form and manner specified by the executive director,~~an application that includes:

(1) a report by a mental health professional diagnosing the employee with a mental illness and finding that the employee is currently unable to perform the normal duties of

94.1 the position held by the employee on the date of the injury, event, or onset of the mental
94.2 illness on a full- or part-time basis; and

94.3 ~~(2) documentation from the employer certifying the dates the employee was on duty in~~
94.4 ~~a position covered under the police and fire plan~~ proof that a first report of injury was filed
94.5 by the employee with the employer.

94.6 (b) An employee is eligible for treatment of a psychological condition under subdivision
94.7 4, paragraph (a), while maintaining full-time or part-time work for the employer when the
94.8 mental injury was a result of the performance of the employee's occupational duties. The
94.9 executive director shall grant approval to the employee who submits, in the form and manner
94.10 specified by the executive director, an application that includes:

94.11 (1) a report by a mental health professional diagnosing the employee with a mental
94.12 illness that was a result of the performance of the employee's occupational duties and
94.13 determining that the employee is medically able to continuing working full-time or part-time
94.14 in the position held by the employee at the time of the injury, event, or onset of the mental
94.15 illness; and

94.16 (2) proof that a first report of injury was filed by the employee with the employer.

94.17 (c) An employee who receives approval under this subdivision is not considered disabled
94.18 for the purposes of a duty disability under section 353.656, subdivision 1, unless the employee
94.19 completes the additional requirements under this section, receives final confirmation under
94.20 subdivision 6, and applies for disability benefits under section 353.031 before receiving
94.21 duty disability benefits or related benefits.

94.22 (d) The executive director must notify an employing entity electronically and by mail
94.23 that an application for psychological condition treatment has been submitted by an employee
94.24 and request ~~the certification required under paragraph (b), clause (2), from the employing~~
94.25 ~~entity~~ documentation from the employer certifying the dates the employee was on duty in
94.26 a position covered under the police and fire plan within six business days after the application
94.27 has been received by the executive director.

94.28 (e) An employer shall submit the certification required under paragraph ~~(b), clause (2),~~
94.29 (d) within five business days of receiving notice from the executive director, and the
94.30 employee shall receive approval no later than 14 business days after the employee's
94.31 application is received by the executive director, whether or not the employer's certification
94.32 has been submitted. Nothing in this paragraph shall delay the treatment of the psychological
94.33 condition of the employee.

95.1 Sec. 3. Minnesota Statutes 2024, section 353.032, subdivision 4, is amended to read:

95.2 Subd. 4. **Treatment required.** (a) Except as provided in paragraph (f), beginning when
95.3 the application is received by the executive director, an employee who receives approval
95.4 under subdivision 3 shall complete up to 24 consecutive weeks of active treatment modalities
95.5 for the employee's diagnosed mental illness, as provided under this subdivision, before a
95.6 final confirmation can be made under subdivision 6. Treatment shall be at the direction of
95.7 a mental health professional using treatment modalities indicated for the treatment of the
95.8 diagnosed mental illness. An employee shall not be penalized for an interruption in active,
95.9 consecutive treatment that is not initiated by or resulting from an intentional action of the
95.10 employee. Subject to the limit under subdivision 9, the employer shall pay for the treatment
95.11 costs to the extent not paid for by the employee's health insurance and may seek
95.12 reimbursement.

95.13 (b) The employee's mental health professional must assess the employee's progress in
95.14 treatment monthly and at the end of the 24 weeks or earlier, including any change to the
95.15 employee's ability to return to the position held by the employee on the date of the injury,
95.16 event, or onset of the mental illness, or to another position with the employer which provides
95.17 salary and employer-provided benefits, including pension benefits, that are equal to or
95.18 greater than those for the position held by the employee on the date of the injury, event, or
95.19 onset of the mental illness. A final confirmation under subdivision 6 must be supported by
95.20 a report from the employee's mental health professional containing an opinion about the
95.21 employee's prognosis, the duration of the disability, and the expectations for improvement
95.22 following the treatment. A report that does not contain and support a finding that the
95.23 employee's disability as a result of a psychological condition will last for at least 12 months
95.24 must not be relied upon to support approval of duty disability benefits.

95.25 (c) The employee may ~~return to work~~ return to work full-time or part-time ~~work~~ prior to the completion
95.26 of the 24 weeks of treatment if the employee's mental health professional determines that
95.27 they are medically able to do so.

95.28 (d) The employee may return to light duty assignments, subject to availability of a
95.29 position, prior to the completion of the 24 weeks of treatment, if deemed medically
95.30 appropriate by the employee's mental health professional and with the employer's approval.

95.31 (e) A fitness for duty presumption shall apply to an employee who is cleared to return
95.32 to work or light duty under paragraph (c) or (d), except as provided under subdivision 10.

95.33 (f) No employee shall be required to complete treatment under this subdivision more
95.34 than three times in ten years.

96.1 Sec. 4. Minnesota Statutes 2024, section 353.032, subdivision 5, is amended to read:

96.2 Subd. 5. **Continuation of salary and benefits.** (a) Subject to subdivision 9, for the
96.3 period that an employee is seeking psychological condition treatment approval under
96.4 subdivision 3 or 6, beginning when the application is received by the executive director,
96.5 appealing a determination thereof, or receiving treatment under subdivision 4 or 7, the
96.6 employer shall continue:

96.7 (1) to pay, for a current employee only, the employee's full salary and employer-provided
96.8 benefits, including any employer contribution to health care and retirement benefits. The
96.9 employer must not require the employee to use accrued vacation, sick, holiday, personal
96.10 time off or any leave benefits while the employee is receiving treatment under subdivision
96.11 4. The employer must proportionally reduce the salary paid to an employee who is otherwise
96.12 receiving benefits for the disability that provide compensation for all or a portion of the
96.13 employee's salary for the same time period. Nothing in this paragraph requires an employer
96.14 to pay more than 100 percent of the employee's salary;

96.15 (2) to provide health insurance benefits to the employee and to the employee's dependents,
96.16 if the employee was receiving dependent coverage at the time of the injury, event, or onset
96.17 of the mental illness under the employer's group health plan; and

96.18 (3) to provide any other employment benefits provided to the employee under the
96.19 employee's currently applicable collective bargaining agreement.

96.20 (b) An employee shall obtain service credit for the treatment period required under
96.21 subdivision 4 or 7.

96.22 (c) Nothing prevents an employer from providing benefits in addition to those required
96.23 by this section or otherwise affects an employee's rights with respect to any other employment
96.24 benefit.

96.25 (d) If an employee is unable to receive treatment through the prescribed treatment
96.26 program due to circumstances beyond the employee's control, which includes but is not
96.27 limited to a lack of availability of a mental health facility or a mental health professional,
96.28 the employee shall continue to receive their regular compensation, benefits, and retirement
96.29 service credits, until such mental health facility or mental health professional becomes
96.30 available to the employee for their treatment program. The employer must not require the
96.31 employee to use sick or vacation leave during this period. The continuation of salary and
96.32 benefits allowed under this paragraph must not exceed 30 days beyond the day treatment
96.33 is prescribed, except that continuation of benefits and salary may be extended beyond 30
96.34 days if written documentation from the mental health facility or mental health professional

97.1 providing the treatment start date is submitted by the employee to the executive director
97.2 and the employer.

97.3 Sec. 5. Minnesota Statutes 2024, section 353.032, subdivision 6, is amended to read:

97.4 Subd. 6. **Termination or continuation of psychological condition treatment.** (a)
97.5 Following completion of treatment under subdivision 4, the association shall confirm the
97.6 treatment requirements are satisfied, and make one of the following determinations based
97.7 on the report of the employee's mental health professional:

97.8 (1) continue the approval for an additional eight weeks for the employee to complete
97.9 additional treatment, as provided under subdivision 7;

97.10 (2) terminate the psychological condition treatment because the employee is:

97.11 (i) able to return to or continue full-time or part-time work in the position held by the
97.12 employee on the date of the injury, event, or onset of the mental illness; or

97.13 (ii) able to return to another vacant full-time position with the employer which provides
97.14 salary and employer-provided benefits, including pension benefits, that are equal to or
97.15 greater than those for the position held by the employee on the date of the injury, event, or
97.16 onset of the mental illness, as certified by the employer in the form and manner specified
97.17 by the executive director; or

97.18 (3) confirm the employee has met the requirements under section 353.032, after which
97.19 the employee may apply for a duty disability benefit based on a psychological condition
97.20 under section 353.031.

97.21 (b) The association must notify the employee and the employer electronically and by
97.22 mail of its determination under paragraph (a).

97.23 ~~(b)~~ (c) After confirmation and application under paragraph (a), clause (3), the association
97.24 must approve the employee's application for disability benefits if the employee is eligible
97.25 under section 353.031, at which time the employee is entitled to receive disability benefits
97.26 as provided under this section and any related benefits. The disability benefit begins to
97.27 accrue the day following the day on which the employer ceases to continue salary and
97.28 benefits under subdivision 5 and section 353.656, subdivision 4, paragraph (a).

97.29 ~~(e)~~ (d) Following completion of the additional treatment requirements under subdivision
97.30 7, if applicable, the association shall confirm the additional treatment requirements are
97.31 satisfied, after which, the employee may apply for disability benefits because the employee
97.32 is eligible under section 353.031, at which time the employee is entitled to receive disability

benefits as provided under this section and any related benefits. The disability benefit begins to accrue the day following the day on which the employer ceases to continue salary and benefits under subdivision 5 and section 353.656, subdivision 4, paragraph (a).

(e) Treatment requirements that remain incomplete 60 days past the 24 weeks of treatment under subdivision 4 or the additional eight weeks of treatment under subdivision 7 terminate.

~~(d)~~ (f) A fitness for duty presumption shall apply to an employee who is determined able to return to work as provided under paragraph (a), clause (2), except as provided under subdivision 10.

Sec. 6. Minnesota Statutes 2024, section 353.032, subdivision 7, is amended to read:

Subd. 7. **Additional treatment.** (a) Except as provided in paragraph (g), if, after completing the treatment required under subdivision 4, the employee's mental health professional's report determines that the employee is making progress in treatment, and the employee's prognosis is expected to further improve with additional treatment, the association shall continue the employee's initial approval under subdivision 6, paragraph (a), clause (1), and the employee shall complete up to an additional eight consecutive weeks of active treatment modalities as provided under this subdivision. The association must notify the employer electronically and by mail that the initial approval has been continued within six business days after the executive director receives the mental health professional's report.

(b) Treatment shall be at the direction of a mental health professional using treatment modalities indicated for the treatment of the employee's diagnosed mental illness. An employee shall not be penalized for an interruption in active, consecutive treatment that is not initiated by or resulting from an intentional action of the employee. Subject to subdivision 9, the employer shall pay for the treatment costs to the extent not paid for by the employee's health insurance and may seek reimbursement.

(c) The employee's mental health professional must assess the employee's progress in treatment at the end of eight weeks, including any change to the employee's ability to return to the position held by the employee on the date of the injury, event, or onset of the mental illness, or to another position with the employer which provides salary and employer-provided benefits, including pension benefits, that are equal to or greater than those for the position held by the employee on the date of the injury, event, or onset of the mental illness. A final confirmation under subdivision 6, paragraph ~~(b)~~ (c), must be supported by an updated report from the employee's mental health professional containing an opinion about the employee's prognosis, the duration of the disability, and the expectations for improvement following the additional treatment. An updated report that does not contain and support a finding that

99.1 the employee's disability as a result of a psychological condition will last for at least 12
99.2 months must not be relied upon to support approval of duty disability benefits.

99.3 (d) The employee may return to full-time or part-time work ~~prior to the completion of~~
99.4 for the employer or continue to work full-time or part-time for the employer during the eight
99.5 weeks of treatment if the employee's mental health professional determines that they are
99.6 medically able to do so and with the employer's approval.

99.7 (e) The employee may return to light duty assignments, subject to availability of a
99.8 position, prior to the completion of the eight weeks of treatment, if deemed medically
99.9 appropriate by the employee's mental health professional and with the employer's approval.

99.10 (f) A fitness for duty presumption shall apply to an employee who is cleared to return
99.11 to work or light duty under paragraph (d) or (e), except as provided under subdivision 10.

99.12 (g) No employee shall be required to complete treatment under this subdivision more
99.13 than three times in ten years.

99.14 Sec. 7. Minnesota Statutes 2024, section 353.032, subdivision 9, is amended to read:

99.15 Subd. 9. **Employer reimbursement; limit.** (a) Except as provided in paragraph (c), an
99.16 employer subject to this section may annually apply by August 1 for the preceding fiscal
99.17 year to the commissioner of public safety for reimbursement of:

99.18 (1) the treatment costs incurred by the employer under subdivision 4 or 7; and

99.19 (2) the costs incurred to continue salary and benefits as required under subdivision 5.

99.20 (b) An employer must apply for the reimbursement in the form and manner specified
99.21 by the commissioner of public safety.

99.22 (c) No employer shall be required to pay for the salary, benefits, and treatment costs
99.23 required under subdivisions 4, 5, and 7 for a single employee more than three times in ten
99.24 years.

99.25 (d) An officer or firefighter receiving treatment under this section must provide to the
99.26 employer, on a monthly basis, billing statements or invoices for treatment costs incurred as
99.27 outlined in subdivisions 4 and 7.

99.28 Sec. 8. Minnesota Statutes 2024, section 353.032, subdivision 10, is amended to read:

99.29 Subd. 10. **Fitness for duty presumption.** (a) An employee who is cleared or determined
99.30 able to work full-time or part-time while receiving treatment under subdivision 3, paragraph

100.1 (c); or return to work or light duty under subdivision 4, paragraph (e); 6, paragraph ~~(e)~~ (f);
100.2 or 7, paragraph (f), is presumed fit for duty, except as follows:

100.3 (1) an employer may request a fitness for duty exam by an independent medical provider
100.4 if the exam is completed within six weeks of the employer receiving the determination from
100.5 the treating mental health professional, and the independent medical provider's report is
100.6 completed no more than six weeks later;

100.7 (2) an employee found unfit for duty by an independent medical provider under clause
100.8 (1):

100.9 (i) is presumed eligible for a duty disability, as provided under subdivision 6, paragraph
100.10 (a), clause (3), if the employee otherwise meets the eligibility requirements under section
100.11 353.031; or

100.12 (ii) may appeal the independent medical provider's determination by requesting an
100.13 examination under paragraph (c); and

100.14 (3) the fitness-for-duty timeline under this paragraph may be modified by mutual
100.15 agreement of the employer and employee.

100.16 (b) Nothing in this section shall be deemed to affect the Americans with Disabilities
100.17 Act, United States Code, title 42, chapter 126; the Family Medical Leave Act, United States
100.18 Code, title 29, chapter 28; or the Minnesota Human Rights Act, chapter 363A.

100.19 (c) An employee who wishes to appeal the independent medical provider's determination
100.20 under paragraph (a), clause (2), item (ii), may request an examination by a qualified
100.21 professional selected by the employee from a panel established by mutual agreement among
100.22 the League of Minnesota Cities, the Association of Minnesota Counties, the Minnesota
100.23 Peace and Police Officers Association, the Minnesota Professional Fire Fighters Association,
100.24 the Minnesota Chiefs of Police Association, and the Minnesota Law Enforcement
100.25 Association. The panel shall consist of five licensed psychiatrists or psychologists who have
100.26 expertise regarding psychological or emotional disorders and who are qualified to opine as
100.27 to the employee's fitness to engage in police or firefighting duties. The agreed upon panel
100.28 of qualified professionals must be submitted to the executive director and made available
100.29 for use in the appeal process. If the employee fails to select a qualified professional from
100.30 the panel within ten days of any notice of appeal, the employing entity may select the
100.31 qualified professional from the panel. A determination made by a qualified professional
100.32 under this item is binding and not subject to appeal. This panel may be the same panel as
100.33 the panel established under section 352B.102, subdivision 10.

101.1 **Sec. 9. EFFECTIVE DATE.**

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

(d) Effective July 1, 2018, department heads shall pay a supplemental employer contribution. The supplemental contribution is 1.75 percent of the salary upon which deductions are made from July 1, 2018, through June 30, 2019; three percent of the salary upon which deductions are made from July 1, 2019, through June 30, 2020; five percent of the salary which deductions are made from July 1, 2020, through June 30, 2021; and seven percent of the salary upon which deductions are made thereafter. The supplemental contribution must be paid starting the first day of the first full pay period after June 30, 2018. The supplemental contribution rate of seven percent remains in effect until, for three consecutive years, the market value of the assets of the State Patrol retirement plan of the Minnesota State Retirement System equals or exceeds 110 percent of the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the third actuarial valuation upon which the expiration is based.

Sec. 3. Minnesota Statutes 2024, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution to the general employees retirement fund of the Public Employees Retirement Association must be made equal to the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Effective before January 1, 2006	2.68	.43
Effective January 1, 2006	2.68	.5
Effective January 1, 2009	2.68	.75
Effective January 1, 2010	2.68	1

These contributions must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

~~(b) The coordinated program contribution rates set forth in paragraph (a) effective for January 1, 2010, must not be implemented if, following receipt of the July 1, 2009, annual actuarial valuation report under section 356.215, respectively, the actuarially required contributions are equal to or less than the total rates under this section in effect as of January 1, 2008.~~

103.1 ~~(e)~~ (b) This subdivision is repealed once the actuarial value of the assets of the general
103.2 employees retirement plan of the Public Employees Retirement Association equals or
103.3 exceeds 110 percent of the actuarial accrued liability of the plan as determined by the actuary
103.4 retained under sections 356.214 and 356.215. The repeal is effective on the first day of the
103.5 first full pay period occurring after March 31 of the calendar year following the issuance
103.6 of the actuarial valuation upon which the repeal is based.

103.7 Sec. 4. Minnesota Statutes 2024, section 353.65, subdivision 3b, is amended to read:

103.8 Subd. 3b. **Direct state aid.** (a) The state must pay \$4,500,000 on October 1, 2018, and
103.9 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of
103.10 each year after 2019, the state must pay \$9,000,000 to the public employees police and fire
103.11 retirement plan. The commissioner of management and budget must pay the aid specified
103.12 in this subdivision. The amount required is annually appropriated from the general fund to
103.13 the commissioner of management and budget.

103.14 (b) The aid under paragraph (a) continues until the ~~earlier of:~~ first day of the fiscal year
103.15 following three consecutive fiscal years in which, for each fiscal year, the actuarial value
103.16 of assets of the fund equals or exceeds 110 percent of the actuarial accrued liabilities as
103.17 reported by the actuary retained under section 356.214 in the annual actuarial valuation
103.18 prepared under section 356.215.

103.19 ~~(1) the first day of the fiscal year following three consecutive fiscal years in which, for~~
103.20 ~~each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of~~
103.21 ~~the actuarial accrued liabilities as reported by the actuary retained under section 356.214~~
103.22 ~~in the annual actuarial valuation prepared under section 356.215; or~~

103.23 ~~(2) July 1, 2048.~~

103.24 Sec. 5. Minnesota Statutes 2024, section 423A.022, subdivision 5, is amended to read:

103.25 Subd. 5. **Aid termination.** (a) The aid under subdivision 2, paragraph (a), clauses (1)
103.26 and (3), continues until the ~~earlier of:~~ December 1 following three consecutive fiscal years
103.27 in which, for each fiscal year, the actuarial value of assets of both the State Patrol retirement
103.28 plan and the public employees police and fire retirement plan equals or exceeds 100 percent
103.29 of the actuarial accrued liabilities as reported by the actuary retained under section 356.214
103.30 in the annual actuarial valuation prepared under section 356.215.

103.31 ~~(1) the December 1 following three consecutive fiscal years in which, for each fiscal~~
103.32 ~~year, the actuarial value of assets of both the State Patrol retirement plan and the public~~

104.1 ~~employees police and fire retirement plan equals or exceeds 90 percent of the actuarial~~
104.2 ~~accrued liabilities as reported by the actuary retained under section 356.214 in the annual~~
104.3 ~~actuarial valuation prepared under section 356.215; or~~

104.4 ~~(2) July 1, 2048.~~

104.5 (b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

104.6 Sec. 6. Minnesota Statutes 2024, section 490.123, subdivision 5, is amended to read:

104.7 Subd. 5. **Direct state aid.** (a) The state shall pay \$6,000,000 annually to the judges'
104.8 retirement fund. The aid is payable each July 1. The amount required is annually appropriated
104.9 from the general fund to the judges' retirement fund.

104.10 (b) The aid under paragraph (a) continues until the ~~earlier of:~~ first day of the fiscal year
104.11 following three consecutive fiscal years in which, for each fiscal year, the actuarial value
104.12 of assets of the fund equals or exceeds 110 percent of the actuarial accrued liabilities as
104.13 reported by the actuary retained under section 356.214 in the annual actuarial valuation
104.14 prepared under section 356.215.

104.15 ~~(1) the first day of the fiscal year following three consecutive fiscal years in which the~~
104.16 ~~actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued~~
104.17 ~~liabilities as reported by the actuary retained under section 356.214 in the annual actuarial~~
104.18 ~~valuation prepared under section 356.215; or~~

104.19 ~~(2) July 1, 2048.~~

104.20 Sec. 7. **EFFECTIVE DATE.**

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

104.22 ARTICLE 17

104.23 WORK GROUP ON PENSION PLANS FOR PROBATION OFFICERS AND 911 104.24 TELECOMMUNICATORS

104.25 Section 1. **WORK GROUP ON CREATING PENSION PLANS FOR PROBATION** 104.26 **OFFICERS AND 911 TELECOMMUNICATORS**

104.27 Subdivision 1. **Work group established.** The executive director of the Legislative
104.28 Commission on Pensions and Retirement ("commission executive director") must convene
104.29 a work group for the purpose of recommending a pension plan to be administered by the
104.30 Minnesota State Retirement System ("MSRS") for probation officers and 911
104.31 telecommunicators who are state employees, as defined under section 352.01, subdivision

105.1 2, and a pension plan to be administered by the Public Employees Retirement Association
105.2 ("PERA") for probation officers and 911 telecommunicators who are public employees, as
105.3 defined under section 353.01, subdivision 2.

105.4 Subd. 2. **Membership.** (a) The members of the work group are the following:

105.5 (1) the executive director of PERA or the executive director's designee and a second
105.6 member of the PERA staff designated by the executive director;

105.7 (2) the executive director of MSRS or the executive director's designee and a second
105.8 member of the MSRS staff designated by the executive director;

105.9 (3) the commissioner of corrections or the commissioner's designee;

105.10 (4) the commissioner of public safety or the commissioner's designee;

105.11 (5) a representative from the Minnesota Association of County Probation Officers;

105.12 (6) a representative from the Minnesota Corrections Association;

105.13 (7) a representative from the Minnesota Association of Professional Employees;

105.14 (8) a representative from the International Brotherhood of Teamsters Local 320;

105.15 (9) a representative from the American Federation of State, County and Municipal
105.16 Employees Council 5;

105.17 (10) two representatives from the Association of Minnesota Counties;

105.18 (11) a representative from the League of Minnesota Cities;

105.19 (12) a representative from the Minnesota Inter-County Association;

105.20 (13) a representative from the Minnesota Association of Public Safety Communications
105.21 Officials or the National Emergency Number Association of Minnesota;

105.22 (14) a representative from the Law Enforcement Labor Services;

105.23 (15) a representative from the Minnesota Association of Community Corrections Act
105.24 Counties;

105.25 (16) a representative from the Minnesota Professional Fire Fighters Association; and

105.26 (17) a representative from the Minnesota Police and Peace Officers Association.

105.27 (b) The commission executive director may invite others, including the commission's
105.28 actuary, to participate in one or more meetings of the work group.

106.1 (c) The organizations specified in paragraph (a) must provide the commission executive
106.2 director with the names and contact information for the representatives who will serve on
106.3 the work group by June 14, 2025.

106.4 Subd. 3. **Mandate.** In arriving at the work group's recommendations, the work group
106.5 must:

106.6 (1) determine the features of each pension plan, including, but not limited to:

106.7 (i) employee and employer contribution rates;

106.8 (ii) vesting requirements;

106.9 (iii) the benefit formula;

106.10 (iv) normal and early retirement ages;

106.11 (v) disability benefits;

106.12 (vi) postretirement adjustments;

106.13 (vii) the extent to which past service will be credited and paid for; and

106.14 (viii) the definitions of "probation officer" and "911 telecommunicator;"

106.15 (2) determine whether the new plans will be entirely new pension plans or whether the
106.16 new plans will be component pension plans similar to the special coverage for state fire
106.17 marshals under section 352.87; and

106.18 (3) consider:

106.19 (i) the study prepared by PERA that estimates the costs and benefits for a pension plan
106.20 for probation officers, 911 telecommunicators, and any other public safety adjacent
106.21 employees;

106.22 (ii) the financial impact resulting from the potential cessation of benefit accruals and
106.23 contributions for members that transfer from the MSRS general state employees retirement
106.24 plan or the PERA general employees retirement plan to the new pension plan;

106.25 (iii) the option for members to purchase credit for past service, including the method
106.26 for purchasing credit for past service;

106.27 (iv) how contributions used to prefund benefit improvements can be made before any
106.28 new plan is created;

106.29 (v) any other public safety adjacent positions that should be included in the new plans
106.30 and how those positions should be defined;

107.1 (vi) the balance of employee and employer contributions, including the interest in funding
107.2 pension benefit improvements with increased employee contributions; and

107.3 (vii) 2025 House File No. 1779; Senate File No. 1986, including the testimony on the
107.4 bill at the meetings of the Legislative Commission on Pensions and Retirement.

107.5 Subd. 4. **Proposed legislation.** With the assistance of the commission executive director,
107.6 the work group must prepare proposed legislation that implements the recommendations
107.7 of the work group under subdivision 3. If the work group recommends more than one
107.8 approach to improving pension benefits, the work group must provide alternative bills.
107.9 Recommended legislation must require MSRS and PERA to have any new plan or component
107.10 plan operational by January 1, 2027.

107.11 Subd. 5. **Due date for submitting recommendations to the commission.** The chair of
107.12 the work group must submit the recommendations of the work group, along with proposed
107.13 legislation that implements the recommendations, to the chair and executive director of the
107.14 Legislative Commission on Pensions and Retirement by January 15, 2026.

107.15 Subd. 6. **Meetings; chair; administrative support.** (a) The commission executive
107.16 director must convene the first meeting of the work group by August 1, 2025.

107.17 (b) The members of the work group must elect a chair at the first meeting.

107.18 (c) Meetings may be conducted remotely or in person or a combination of remotely and
107.19 in person.

107.20 (d) Commission staff must provide meeting space, if needed, and administrative support
107.21 to the chair of the work group.

107.22 Subd. 7. **Compensation; lobbying; retaliation.** (a) Members of the work group serve
107.23 without compensation.

107.24 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter
107.25 10A.

107.26 (c) An individual's employer or an organization or association of which an individual
107.27 is a member must not retaliate against the individual because of the individual's participation
107.28 in the work group.

107.29 Subd. 8. **Expiration.** The work group expires June 30, 2027.

ARTICLE 18

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

Section 1. Minnesota Statutes 2024, section 3.85, subdivision 2, is amended to read:

Subd. 2. **Powers.** The commission shall make a continuing study and investigation of retirement benefit plans applicable to nonfederal government employees in this state. The powers and duties of the commission include, but are not limited to the following:

(a) studying retirement benefit plans applicable to nonfederal government employees in Minnesota, including federal plans available to the employees;

(b) making recommendations within the scope of its study, including attention to financing of the various pension funds and financing of accrued liabilities;

(c) considering all aspects of pension planning and operation and making recommendations designed to establish and maintain sound pension policy for all funds;

(d) analyzing ~~each item of~~ proposed pension and retirement legislation, including amendments ~~to each~~, with particular reference to analysis of ~~their~~ the legislation's cost, actuarial soundness, and adherence to sound pension policy; ~~and reporting its findings to the legislature;~~

(e) creating and maintaining a library for reference concerning pension and retirement matters, including information about laws and systems in other states; and

(f) studying, analyzing, and preparing reports in regard to subjects certified to the commission for study.

Sec. 2. Minnesota Statutes 2024, section 3.85, subdivision 3, is amended to read:

Subd. 3. **Membership.** The commission consists of seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and seven members of the house of representatives appointed by the speaker. No more than five members from each chamber may be from the majority caucus in that chamber. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. ~~Members continue~~ A member continues to serve until ~~their successors are appointed the~~ earlier of the appointment of the member's successor or the end of the member's legislative term or office. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last Subcommittee on Committees of the senate Committee on Rules and Administration

109.1 or other appointing authority designated by the senate rules, and house of representatives
109.2 vacancies shall be filled by the last speaker of the house, or if the speaker is not available,
109.3 by the last chair of the house of representatives Rules Committee.

109.4 Sec. 3. Minnesota Statutes 2024, section 3.85, subdivision 10, is amended to read:

109.5 Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall
109.6 adopt standards prescribing ~~specific detailed~~ methods to calculate, evaluate, and display
109.7 current and ~~proposed law~~ projected liabilities, costs, and actuarial equivalents of ~~all~~ covered
109.8 public ~~employee~~ pension plans ~~in Minnesota~~ under section 356.20, subdivision 2, that are
109.9 defined benefit plans. These standards ~~shall~~ must be consistent with chapter 356 and be
109.10 updated ~~annually~~ periodically. At a minimum, the standards ~~shall~~ must contain requirements
109.11 that comply with ~~generally accepted accounting principles~~ actuarial standards of practice
109.12 applicable to government pension plans. ~~The standards may include additional financial,~~
109.13 ~~funding, or valuation requirements that are not required under generally accepted accounting~~
109.14 ~~principles applicable to government pension plans.~~

109.15 Sec. 4. **EFFECTIVE DATE.**

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

109.17 ARTICLE 19

109.18 STATEWIDE VOLUNTEER FIREFIGHTER PLAN

109.19 Section 1. Minnesota Statutes 2024, section 353G.08, subdivision 1a, is amended to read:

109.20 Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive
109.21 director shall determine the funding requirements of each ~~monthly benefit~~ fire department
109.22 account in the statewide volunteer firefighter monthly division of the defined benefit plan
109.23 on or before August 1.

109.24 (b) The executive director must determine the funding requirements of a ~~monthly benefit~~
109.25 fire department account under this subdivision from:

109.26 (1) the most recent actuarial valuation normal cost, administrative expense, including
109.27 the cost of a regular actuarial valuation, and amortization results for the account determined
109.28 by the approved actuary retained by the retirement association under sections 356.215 and
109.29 356.216; and

(2) the standards for actuarial work, utilizing a six percent investment return actuarial assumption~~and~~² other actuarial assumptions approved under section 356.215, subdivision 18~~;~~, and the amortization periods specified in section 356.215, subdivision 11.

~~(i) with that portion of any unfunded actuarial accrued liability attributable to a benefit increase to be amortized over a period of 20 years from the date of the benefit change;~~

~~(ii) with that portion of any unfunded actuarial accrued liability attributable to an assumption change or an actuarial method change to be amortized over a period of 20 years from the date of the assumption or method change;~~

~~(iii) with that portion of any unfunded actuarial accrued liability attributable to an investment loss to be amortized over a period of ten years from the date of investment loss;~~
and

~~(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over a period of five years from the date of the actuarial valuation.~~

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly division are the annual financial requirements of the ~~monthly benefit~~ fire department account of the plan under paragraph (b) reduced by the amount of any fire state aid payable under chapter 477B, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the plan attributable to the entity or entities during the following calendar year. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(d) The required contribution calculated in paragraph (c) must be paid to the plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Sec. 2. Minnesota Statutes 2024, section 353G.11, is amended by adding a subdivision to read:

Subd. 1b. Applicable benefit level. (a) In determining a member's retirement benefit under section 353G.09, subdivision 1a, the benefit level applicable to the member is the

111.1 benefit level in effect as of the date the member terminated firefighting services for the fire
111.2 department of a participating employer.

111.3 (b) Except as provided under section 353G.09, subdivision 4:

111.4 (1) the benefit level for a member of the lump-sum division is the benefit level selected
111.5 under section 353G.05, subdivision 1d, by the member's relief association or, if applicable,
111.6 the municipality or firefighting corporation that employs the member or the benefit level
111.7 as modified under subdivision 2, whichever is in effect as of the date the member terminated
111.8 firefighting services; or

111.9 (2) the benefit level for a member of the monthly division is the benefit level under the
111.10 retirement benefit plan document applicable to the member's former relief association or
111.11 the benefit level under the retirement benefit plan document as modified under subdivision
111.12 2a, whichever is in effect as of the date the member terminated firefighting services.

111.13 Sec. 3. Minnesota Statutes 2024, section 353G.11, subdivision 2, is amended to read:

111.14 Subd. 2. **Benefit level changes in the lump-sum division ~~of defined benefit plan~~.** (a)
111.15 A fire department's fire chief or the governing body operating a fire department may request
111.16 an increase in the benefit level as provided in this subdivision.

111.17 (b) The fire chief or governing body must request a cost estimate from the executive
111.18 director of an increase in the ~~service pension~~ benefit level applicable to the active firefighters
111.19 of the fire department.

111.20 (c) The executive director must prepare the cost estimate using a procedure certified as
111.21 accurate by the approved actuary retained by the association.

111.22 (d) Within 120 days after receiving the cost estimate from the executive director, the
111.23 governing body may approve the benefit level change, effective for January 1 of the following
111.24 calendar year unless the governing body specifies in the approval document an effective
111.25 date that is January 1 of the second year following the approval date. If the approval occurs
111.26 after April 30, the required municipal contribution for the following calendar year must be
111.27 recalculated and the results reported to the governing body. If not approved within 120 days
111.28 of the receipt of the cost estimate, the benefit level change is considered to have been
111.29 disapproved.

111.30 Sec. 4. Minnesota Statutes 2024, section 353G.11, subdivision 2a, is amended to read:

111.31 Subd. 2a. **Procedure for changing Benefit level changes in the monthly division.** (a)
111.32 ~~The~~ A fire department's fire chief of a fire department or the governing body operating a

112.1 fire department that has an active membership ~~that is covered by the monthly benefit~~
112.2 ~~retirement division of the plan~~ may ~~initiate the process of modifying~~ request an increase in
112.3 the benefit level provided in the retirement benefit plan document under this section
112.4 subdivision.

112.5 (b) The modification procedure is initiated when the ~~applicable~~ fire chief or governing
112.6 body files with the executive director ~~of the association~~ a written summary of the desired
112.7 ~~benefit plan document~~ modification, the proposed ~~benefit plan document~~ modification
112.8 language, a written request for the preparation of an actuarial cost estimate for the proposed
112.9 ~~benefit plan document~~ modification, and payment of the estimated cost of the actuarial cost
112.10 estimate.

112.11 (c) Upon receipt of the modification request and related documents, the executive director
112.12 ~~shall~~ must review the language of the proposed ~~benefit plan document~~ modification and, if
112.13 a clarification is needed in the submitted language, ~~shall~~ inform the fire chief or governing
112.14 body of the necessary clarification. ~~Once~~ After the ~~proposed benefit plan document~~
112.15 ~~modification language~~ fire chief or governing body has ~~been clarified by the fire chief and~~
112.16 ~~resubmitted~~ submitted the clarified language to the executive director, the executive director
112.17 ~~shall arrange for the approved actuary retained by the association to prepare a benefit plan~~
112.18 ~~document modification cost estimate under the applicable provisions of section 356.215~~
112.19 ~~and of the standards for actuarial work adopted by the Legislative Commission on Pensions~~
112.20 ~~and Retirement~~ must prepare the cost estimate using a procedure certified as accurate by
112.21 the approved actuary retained by the association. Upon completion of the ~~benefit plan~~
112.22 ~~document modification~~ cost estimate, the executive director ~~shall~~ must forward the estimate
112.23 to the fire chief ~~who requested it~~ and to the chief financial officer of the municipality or
112.24 entity with which the fire department is primarily associated.

112.25 (d) The fire chief, upon receipt of the cost estimate, ~~shall circulate~~ must distribute the
112.26 cost estimate ~~with~~ to the active firefighters in the fire department and ~~shall~~ take reasonable
112.27 steps to provide the cost estimate ~~results~~ to any affected retired members of the fire
112.28 department and their beneficiaries. The chief financial officer of the municipality or entity
112.29 associated with the fire department ~~shall~~ must present the proposed modification language
112.30 and the cost estimate to the governing body of the municipality or entity for its consideration
112.31 at a public hearing held for that purpose.

112.32 (e) If the governing body of the municipality or entity approves the modification language,
112.33 the chief administrative officer of the municipality or entity ~~shall~~ must notify the executive
112.34 director ~~of the association~~ of that approval. The ~~benefit plan document~~ modification is
112.35 effective on ~~the~~ January 1 following the date of filing the approval with the association.

113.1 Sec. 5. Minnesota Statutes 2024, section 353G.17, subdivision 4, is amended to read:

113.2 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under
113.3 subdivisions 1 to 3, the plan shall transfer to the relief association as of the effective date
113.4 identified in the notice under subdivision 1, the records, assets, and liabilities related to the
113.5 former and current firefighters with benefits under the plan, along with any assets in excess
113.6 of liabilities ~~credited to the lump-sum account or the monthly benefit retirement account~~
113.7 ~~attributable to the firefighters and the municipality.~~

113.8 (b) The executive director:

113.9 (1) ~~shall~~ must transfer the assets in cash;

113.10 (2) ~~shall~~ must transfer any accounts receivable ~~associated with the lump-sum account~~
113.11 ~~or monthly benefit retirement account;~~

113.12 (3) ~~shall~~ must settle any accounts payable ~~from the account~~ before the transfer; and

113.13 (4) may deduct from the assets to be transferred reasonable costs incurred by the plan
113.14 to conduct the voting process and complete the transfer.

113.15 Sec. 6. Minnesota Statutes 2024, section 353G.17, subdivision 5, is amended to read:

113.16 Subd. 5. **Relief association obligations and rights upon transfer from the plan.** (a)
113.17 Upon transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~ fire
113.18 department account, the pension liabilities attributable to the benefits for the former and
113.19 current firefighters ~~shall~~ become the obligation of the special fund of the relief association.

113.20 (b) Upon the transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~
113.21 fire department account, the board of trustees of the relief association has legal title to and
113.22 management responsibility for the transferred assets as trustees for persons having a beneficial
113.23 interest in those assets arising out of the benefit coverage provided by the account.

113.24 (c) The relief association is the successor in interest with respect to all claims against
113.25 the plan relating to the transferred ~~lump-sum account or monthly benefit retirement~~ fire
113.26 department account, except for claims alleging any act or acts by the plan or its fiduciaries
113.27 that were not done in good faith or that constituted a breach of fiduciary responsibility under
113.28 chapter 356A.

113.29 (d) The value of each volunteer firefighter's benefit in the plan on the day before the
113.30 asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day
113.31 after the asset transfer. The relief association shall give credit, with respect to each firefighter
113.32 whose benefit is being transferred, for all past service, including service credit with the plan

114.1 and with any predecessor relief association, to the extent credit is given for such service in
114.2 the records of the plan for that firefighter.

114.3 (e) Upon completion of the transfer of records, assets, and liabilities, the executive
114.4 director shall provide written notice to the state auditor, the commissioner of revenue, and
114.5 the secretary of state that the transfer is complete.

114.6 Sec. 7. Minnesota Statutes 2024, section 353G.19, subdivision 1, is amended to read:

114.7 Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated
114.8 with a fire department covered by the defined benefit plan, including an entity previously
114.9 affiliated with a defined benefit relief association when the entity made a request for coverage
114.10 by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may
114.11 convert to coverage by the defined contribution plan in accordance with this section.

114.12 (b) Conversion from coverage by the defined benefit plan to coverage by the defined
114.13 contribution plan consists of:

114.14 (1) a resolution by the governing body of the participating employer;

114.15 (2) notice to all former and active volunteer firefighters of the fire department;

114.16 (3) full vesting on the conversion effective date of all active and former volunteer
114.17 firefighters with an accrued benefit in the defined benefit plan attributable to service with
114.18 the fire department, to the extent funded as of the conversion effective date; and

114.19 (4) allocation of surplus over full funding, if any, to individual accounts in the fire
114.20 department's new account in the defined contribution plan.

114.21 (c) For an entity previously affiliated with a defined benefit relief association when the
114.22 entity made a request for coverage by the defined contribution plan under section 353G.05,
114.23 subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately
114.24 after coverage by the retirement plan of the entity's fire department and the entity's volunteer
114.25 firefighters takes effect.

114.26 Sec. 8. Minnesota Statutes 2024, section 353G.19, subdivision 2, is amended to read:

114.27 Subd. 2. **Resolutions by the governing body.** To initiate a conversion, the governing
114.28 body of the participating employer must file with the executive director at least 30 days
114.29 before the end of a calendar year:

115.1 (1) a resolution that states that the fire department elects to participate in the defined
115.2 contribution plan effective on the conversion effective date, which is the first day of the
115.3 next calendar year; and

115.4 (2) if, as of the valuation immediately preceding the conversion effective date, the fire
115.5 department account had a deficit from full funding as defined under section 353G.08,
115.6 subdivision 1, paragraph (c), or the special fund of the defined benefit relief association had
115.7 a deficit from full funding as defined in section 424A.092, subdivision 3, paragraph (b), a
115.8 resolution approving a contribution to the retirement plan in the amount necessary to
115.9 eliminate the deficit, which is to be paid within 30 days of the filing of the resolution or in
115.10 installments over three years, with the first payment to be made within 30 days of the filing
115.11 of the resolution.

115.12 Sec. 9. Minnesota Statutes 2024, section 353G.19, subdivision 3, is amended to read:

115.13 Subd. 3. **Notice to participants.** The participating employer must provide notice to all
115.14 active and former volunteer firefighters in the fire department at least 30 days before the
115.15 conversion effective date. The notice must include:

115.16 (1) an explanation that the plan is converting from a defined benefit plan to a defined
115.17 contribution plan, including definitions of those terms, on the conversion effective date and
115.18 that the active and former volunteer firefighters will become ~~fully~~ vested in their accrued
115.19 benefit to the extent funded as of the conversion effective date;

115.20 (2) a summary of the terms of the defined contribution plan;

115.21 (3) a section tailored to each volunteer firefighter that provides an estimate of the present
115.22 value of the participant's ~~fully~~ vested accrued benefit and the calculation that resulted in
115.23 that value;

115.24 (4) an estimate of any anticipated surplus and an explanation of the allocation of the
115.25 surplus; and

115.26 (5) contact information for the chief administrative officer or chief financial officer of
115.27 the participating employer and the designated staff member of the retirement plan who will
115.28 answer questions and directions to a website.

115.29 Sec. 10. Minnesota Statutes 2024, section 353G.19, subdivision 4, is amended to read:

115.30 Subd. 4. **Full vesting and determination of accrued benefit.** (a) On the conversion
115.31 effective date, each active or former volunteer firefighter with a retirement benefit under
115.32 the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit,

116.1 becomes 100 percent vested or, if the defined benefit plan does not have sufficient assets
116.2 to fund 100 percent vesting, as close to 100 percent vested as the funding permits, as of the
116.3 conversion effective date in the firefighter's retirement benefit, without regard to the number
116.4 of years of vesting service credit.

116.5 (b) The executive director must determine the present value of each active or former
116.6 firefighter's accrued benefit as of the conversion effective date, taking into account the full
116.7 vesting requirement under paragraph (a).

116.8 Sec. 11. Minnesota Statutes 2024, section 353G.19, subdivision 5, is amended to read:

116.9 Subd. 5. **Surplus over full funding.** If the fire department account has a surplus over
116.10 full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive
116.11 director must allocate the surplus over full funding to the individual account of each active
116.12 ~~and former~~ volunteer firefighter, ~~except any former volunteer firefighter receiving an annuity,~~
116.13 in the same proportion that the volunteer firefighter's accrued benefit bears to the total
116.14 accrued benefits of all active ~~and former~~ volunteer firefighters.

116.15 Sec. 12. **EFFECTIVE DATE.**

116.16 Sections 1 to 11 are effective the day following final enactment, except the amendment
116.17 to section 1, paragraph (b), clause (2), is effective beginning with actuarial valuations on
116.18 or after July 1, 2025.

116.19 ARTICLE 20

116.20 IRAP TO TRA TRANSFERS

116.21 Section 1. Minnesota Statutes 2024, section 354B.215, subdivision 3, is amended to read:

116.22 Subd. 3. **Eligible person.** (a) An eligible person is a person who:

116.23 (1) is employed by Minnesota State;

116.24 (2) has an account in the individual retirement account plan; ~~and~~

116.25 (3) ~~satisfies~~ was previously eligible to elect coverage by the Teachers Retirement
116.26 Association under one or more sections of chapter 354B or any prior version of chapter
116.27 354B; and

116.28 (4) is not disqualified because Minnesota State produces one or more of the items listed
116.29 in paragraph (b).

117.1 (b) A person ~~satisfies this paragraph~~ is not an eligible person if Minnesota State is ~~not~~
117.2 ~~able to produce~~ produces at least one of the following items by the end of the ~~60-day~~ 75-day
117.3 period under subdivision 4, paragraph (b):

117.4 (1) a record indicating that the person received notice regarding the person's eligibility
117.5 to elect ~~prospective~~ coverage by the Teachers Retirement Association ~~within the election~~
117.6 ~~period under section 354B.211, subdivision 4 or 6, or its predecessor~~ during the person's
117.7 first year of eligibility to participate in the individual retirement account plan;

117.8 (2) a record indicating that the person received notice regarding the person's eligibility
117.9 to elect coverage by the Teachers Retirement Association during the person's first year after
117.10 attaining tenure or comparable permanent status;

117.11 ~~(2)~~ (3) a record that the person elected retirement coverage by the individual retirement
117.12 account plan; or

117.13 ~~(3)~~ (4) other credible documentation demonstrating that the person was aware of the
117.14 person's right to elect retirement coverage by the Teachers Retirement Association.

117.15 (c) The record described in paragraph (b), clause (1), is not effective to disqualify a
117.16 person if the person was eligible to elect coverage by the Teachers Retirement Association
117.17 during the person's first year after attaining tenure or comparable permanent status.

117.18 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

117.19 Sec. 2. Minnesota Statutes 2024, section 354B.215, subdivision 4, is amended to read:

117.20 Subd. 4. **Eligible person application; information required from Minnesota State.** (a)
117.21 To elect coverage by the Teachers Retirement Association, an eligible person must submit
117.22 a written application to the chancellor on a form provided by Minnesota State. The application
117.23 must include:

117.24 (1) an attestation that the person was not informed of the right to elect a transfer from
117.25 the individual retirement account plan to the Teachers Retirement Association and the person
117.26 was unaware of the right to elect such a transfer;

117.27 (2) the date on which the person first became a participant in the individual retirement
117.28 account plan;

117.29 (3) a signed release authorizing Minnesota State to provide employment and other
117.30 personnel information to the Teachers Retirement Association; and

117.31 (4) any other information that Minnesota State may require.

(b) No later than ~~60~~ 75 days after receipt of the application under paragraph (a), Minnesota State must verify the information provided by the person in the application, determine whether the person is an eligible person under subdivision 3, and provide a written response to the person regarding the determination of eligibility. If Minnesota State determines that the person is not an eligible person, Minnesota State must specify the reason or reasons for its determination and, if applicable, include a copy of any documentation identified in subdivision 3, paragraph (b), in its written response to the person.

(c) If Minnesota State determines that the person is an eligible person under subdivision 3, Minnesota State must forward to the executive director:

(1) the application;

(2) confirmation or modification of the information provided by the eligible person in the application;

(3) salary history for the eligible person;

(4) an estimate of the amount available for transfer from the eligible person's account in the individual retirement account plan to the Teachers Retirement Association; and

(5) any other relevant information.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2025.

ARTICLE 21

FIRE AND POLICE STATE AID

Section 1. Minnesota Statutes 2024, section 423A.022, subdivision 2, is amended to read:

Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

(1) 58.064 percent must be paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 35.484 percent must be allocated and paid as required by paragraphs (b) and (c), respectively, to or on behalf of municipalities ~~other than municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated in proportion to the most recent amount of fire state aid paid under section 477B.04, for the municipality bears to the most recent total fire state aid for all municipalities other than the municipalities solely employing firefighters with retirement coverage provided by the~~

119.1 ~~Public Employees police and fire Retirement plan paid under section 477B.04, with the~~
119.2 ~~allocated amount for fire departments participating in the statewide lump-sum volunteer~~
119.3 ~~firefighter plan paid to the executive director of the Public Employees Retirement Association~~
119.4 ~~for deposit in the fund established by section 353G.02, subdivision 3, and credited to the~~
119.5 ~~respective account and with the balance paid to the treasurer of each municipality for~~
119.6 ~~transmittal within 30 days of receipt to the treasurer of the applicable firefighters relief~~
119.7 ~~association for deposit in its special fund~~ who qualify for supplemental state aid under
119.8 paragraph (d); and

119.9 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement
119.10 System for deposit in the state patrol retirement fund.

119.11 (b) Supplemental state aid under paragraph (a), clause (2), must be allocated to each
119.12 municipality that qualifies for supplemental state aid under paragraph (d) in the same
119.13 proportion that the most recent amount of fire state aid paid under section 477B.04 for the
119.14 municipality bears to the most recent total fire state aid paid under section 477B.04 for all
119.15 municipalities other than municipalities solely employing firefighters with retirement
119.16 coverage by one or more pension plans under chapter 353.

119.17 (c) Supplemental state aid under paragraph (a), clause (2), must be paid:

119.18 (1) to the executive director of the Public Employees Retirement Association for each
119.19 municipality with a fire department that participates in the statewide volunteer firefighter
119.20 plan for deposit in the fund established by section 352G.02, subdivision 3, and credited to
119.21 the fire department's account; and

119.22 (2) with the balance to the treasurer of each municipality for transmittal within 30 days
119.23 of receipt to the treasurer of the applicable firefighters relief association for deposit in its
119.24 special fund.

119.25 (d) A municipality qualifies for supplemental state aid under paragraph (a), clause (2)
119.26 if the municipality:

119.27 (1) does not solely employ firefighters with retirement coverage provided by one or
119.28 more pension plans established under chapter 353; and

119.29 (2) qualified to receive fire state aid in that calendar year.

119.30 ~~(b)~~ (e) For purposes of this section, the term "municipalities" includes independent
119.31 nonprofit firefighting corporations that participate in the statewide ~~lump-sum~~ volunteer
119.32 firefighter plan under chapter 353G or with subsidiary ~~volunteer~~ firefighter relief associations
119.33 operating under chapter 424A.

120.1 Sec. 2. Minnesota Statutes 2024, section 423A.022, subdivision 3, is amended to read:

120.2 Subd. 3. **Reporting.** On or before September 1, annually, the executive director of the
120.3 Public Employees Retirement Association shall report to the commissioner of revenue the
120.4 following:

120.5 (1) the municipalities ~~which~~ that employ firefighters with retirement coverage by the
120.6 public employees police and fire retirement plan;

120.7 (2) the municipalities that employ firefighters with retirement coverage by the general
120.8 employees retirement plan;

120.9 ~~(2)~~ (3) the fire departments covered by the statewide ~~lump-sum~~ volunteer firefighter
120.10 plan; and

120.11 ~~(3)~~ (4) any other information requested by the commissioner to administer the police
120.12 and firefighter retirement supplemental state aid program.

120.13 Sec. 3. Minnesota Statutes 2024, section 424A.014, subdivision 5, is amended to read:

120.14 Subd. 5. **Report by certain municipalities; exceptions.** (a) The chief administrative
120.15 officer of each municipality that has a fire department but does not have a relief association
120.16 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section
120.17 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed
120.18 financial report of the receipts and disbursements by the municipality for fire protection
120.19 service during the preceding calendar year on a form prescribed by the state auditor. The
120.20 financial report must contain any information that the state auditor deems necessary to
120.21 disclose the sources of receipts and the purpose of disbursements for fire protection service.
120.22 The financial report must be signed by the municipal clerk or clerk-treasurer with the state
120.23 auditor on or before July 1 annually. The municipality does not qualify initially to receive,
120.24 and is not entitled subsequently to retain, any fire state aid and police and firefighter
120.25 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the
120.26 financial reporting requirement or the applicable requirements of any other statute or special
120.27 law have not been complied with or are not fulfilled.

120.28 (b) Each municipality that has a fire department and provides retirement coverage to its
120.29 firefighters through the statewide volunteer firefighter plan under chapter 353G qualifies
120.30 to have fire state aid transmitted to and retained in the statewide volunteer firefighter
120.31 retirement fund without filing a detailed financial report if the executive director of the
120.32 Public Employees Retirement Association certifies compliance by the municipality with

121.1 the requirements of sections 353G.04 and 353G.08, subdivision 1, paragraph (e), and certifies
121.2 compliance by the applicable fire chief with the requirements of section 353G.07.

121.3 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing
121.4 a financial report under paragraph (a) if the municipality:

121.5 (1) has a fire department;

121.6 (2) does not have a firefighters relief association directly associated with its fire
121.7 department;

121.8 (3) does not participate in the statewide volunteer firefighter retirement plan under
121.9 chapter 353G;

121.10 (4) provides retirement coverage to its firefighters through the general employees
121.11 retirement plan under chapter 353 or the public employees police and fire retirement plan
121.12 under sections 353.63 to 353.68; and

121.13 (5) is certified by the executive director of the Public Employees Retirement Association
121.14 to the state auditor to have had an employer contribution under section 353.27, subdivisions
121.15 3 and 3a, or 353.65, subdivision 3, for its firefighters for the immediately prior calendar
121.16 year equal to or greater than its fire state aid for the immediately prior calendar year.

121.17 Sec. 4. Minnesota Statutes 2024, section 424A.08, is amended to read:

121.18 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED**
121.19 **DISBURSEMENTS.**

121.20 (a) ~~Any A~~ A municipality which that is entitled to receive fire state aid ~~but which has no~~
121.21 must deposit the fire state aid in a special account established for that purpose in the
121.22 municipal treasury and disburse the fire state aid in accordance with paragraph (b) or (c),
121.23 as applicable, if the municipality's fire department is not directly associated with a firefighters
121.24 relief association directly associated with its fire department and which is not a participating
121.25 employer in the statewide volunteer firefighter plan under chapter 353G.

121.26 (b) If the municipality has no full-time firefighters with retirement coverage by the public
121.27 employees police and fire retirement plan ~~shall deposit the fire state aid in a special account~~
121.28 ~~established for that purpose in the municipal treasury. Disbursement~~ and no part-time
121.29 firefighters with retirement coverage by the general employees retirement plan under chapter
121.30 353, the municipality must not disburse fire state aid from the special account may not be
121.31 ~~made~~ for any purpose except:

122.1 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department
122.2 Association and to the state Volunteer Firefighters Benefit Association in order to entitle
122.3 its firefighters to membership in and the benefits of these state associations;

122.4 (2) payment of the cost of purchasing and maintaining needed equipment for the fire
122.5 department; and

122.6 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings
122.7 or other premises to house the equipment of the fire department.

122.8 ~~(b)~~ (c) If the municipality ~~which is entitled to receive fire state aid, which has no~~
122.9 ~~firefighters relief association directly associated with its fire department, which does not~~
122.10 ~~participate in the statewide volunteer firefighter plan under chapter 353G, and which has~~
122.11 ~~full-time~~ firefighters with retirement coverage by the public employees police and fire
122.12 retirement plan or part-time firefighters with retirement coverage by the general employees
122.13 retirement plan or both full-time and part-time firefighters with the applicable retirement
122.14 coverage, the municipality may disburse the fire state aid as:

122.15 (1) as provided in paragraph (a); (b);

122.16 (2) for the payment of the employer contribution requirement with respect to contributions
122.17 under section 353.65, subdivision 3, for any firefighters covered by the public employees
122.18 police and fire retirement plan under section 353.65, subdivision 3;

122.19 (3) for the payment of employer contributions for any firefighters covered by the general
122.20 employees retirement plan under section 353.27, subdivisions 3 and 3a; or

122.21 (4) for a combination of the two types of disbursements payments authorized under
122.22 clauses (1) to (3).

122.23 ~~(e)~~ (d) A municipality that has no firefighters relief association directly associated with
122.24 it and that participates in the statewide volunteer firefighter plan under chapter 353G shall
122.25 transmit any fire state aid that it receives to the statewide volunteer firefighter fund.

122.26 Sec. 5. Minnesota Statutes 2024, section 477B.02, subdivision 3, is amended to read:

122.27 Subd. 3. **Benefits requirements.** (a) The fire department must:

122.28 (1) be associated with a firefighters relief association that provides retirement benefits;

122.29 (2) participate in and have firefighters receiving credit for service toward a retirement
122.30 benefit under the statewide volunteer firefighter plan;

123.1 (3) have retirement coverage under the public employees police and fire retirement plan
123.2 or the Public Employees Retirement Association general employees retirement plan for the
123.3 fire department's full-time firefighters, as defined in section 299N.03, subdivision 5, or the
123.4 fire department's part-time firefighters, or the fire department's both full-time firefighters
123.5 and part-time firefighters; or

123.6 (4) satisfy either clauses (1) and (3) or clauses (2) and (3).

123.7 (b) For purposes of retirement benefits, a fire department may be associated with only
123.8 one firefighters relief association or one account in the statewide firefighters retirement plan
123.9 at one time.

123.10 (c) Notwithstanding paragraph (a), a municipality without a relief association as described
123.11 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other
123.12 requirements of this section are met.

123.13 Sec. 6. Minnesota Statutes 2024, section 477B.02, subdivision 8, is amended to read:

123.14 Subd. 8. **PERA certification to commissioner.** (a) On or before February 1 each year,
123.15 the executive director of the Public Employees Retirement Association must certify to the
123.16 commissioner the fire departments that transferred retirement coverage to, or terminated
123.17 participation in, the voluntary statewide volunteer firefighter retirement plan since the
123.18 previous certification under this paragraph. This certification must include the number of
123.19 active volunteer firefighters under section 477B.03, subdivision 5, paragraph (e).

123.20 (b) On or before February 1 each year, the executive director of the Public Employees
123.21 Retirement Association must certify to the commissioner:

123.22 (1) the fire departments that participate in the statewide volunteer firefighter plan and
123.23 have no firefighters receiving credit for service toward a retirement benefit under the
123.24 statewide volunteer firefighter plan; and

123.25 (2) the fire departments that employ part-time firefighters who are covered by the general
123.26 employees retirement plan.

123.27 Sec. 7. Minnesota Statutes 2024, section 477B.03, subdivision 5, is amended to read:

123.28 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
123.29 allocation amount is the amount derived from any additional funding amount to support a
123.30 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
123.31 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
123.32 corporations with volunteer firefighters' relief associations or covered by the statewide

124.1 volunteer firefighter plan. The amount is based on the number of active ~~volunteer~~ firefighters
124.2 who are (1) members of the relief association as reported to the Office of the State Auditor
124.3 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)
124.4 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

124.5 (b) For relief associations established in calendar year 1993 or a prior year, the number
124.6 of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who were
124.7 members of the relief association as reported in the annual financial reporting for calendar
124.8 year 1993, but not to exceed 30 active ~~volunteer~~ firefighters.

124.9 (c) For relief associations established in calendar year 1994 through calendar year 1999,
124.10 the number of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters
124.11 who were members of the relief association as reported in the annual financial reporting for
124.12 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active ~~volunteer~~
124.13 firefighters.

124.14 (d) For relief associations established after calendar year 1999, the number of active
124.15 ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who are members
124.16 of the relief association as reported in the first annual financial reporting submitted to the
124.17 Office of the State Auditor, but not to exceed 20 active ~~volunteer~~ firefighters.

124.18 (e) For a municipality or independent nonprofit firefighting corporation that is providing
124.19 retirement coverage for ~~volunteer~~ firefighters by the statewide volunteer firefighter plan
124.20 under chapter 353G, the number of active ~~volunteer~~ firefighters equals the number of active
124.21 ~~volunteer~~ firefighters of the municipality or independent nonprofit firefighting corporation
124.22 covered by the statewide plan as certified by the executive director of the Public Employees
124.23 Retirement Association to the commissioner and the state auditor within 30 days of the date
124.24 the municipality or independent nonprofit firefighting corporation begins coverage in the
124.25 plan, but not to exceed 30 active firefighters.

124.26 Sec. 8. Minnesota Statutes 2024, section 477B.03, subdivision 7, is amended to read:

124.27 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
124.28 ~~fire~~ firefighter relief association, or the statewide volunteer firefighter plan may object to
124.29 the amount of fire state aid apportioned to it by filing a written request with the commissioner
124.30 to review and adjust the apportionment of funds within the state. The objection of a
124.31 municipality, an independent nonprofit firefighting corporation, a ~~fire~~ firefighter relief
124.32 association, or the ~~voluntary~~ statewide volunteer firefighter retirement plan must be filed
124.33 with the commissioner within 60 days of the date the amount of apportioned fire state aid
124.34 is paid. The decision of the commissioner is subject to appeal, review, and adjustment by

125.1 the district court in the county in which the applicable municipality or independent nonprofit
125.2 firefighting corporation is located or by the Ramsey County District Court with respect to
125.3 the statewide volunteer firefighter plan.

125.4 Sec. 9. Minnesota Statutes 2024, section 477B.04, subdivision 3, is amended to read:

125.5 Subd. 3. **Deposit of state aid.** (a) This paragraph applies if the municipality or the
125.6 independent nonprofit firefighting corporation ~~is~~ has firefighters covered by the statewide
125.7 volunteer firefighter plan. If this paragraph applies and the executive director of the Public
125.8 Employees Retirement Association has not approved an aid allocation plan under section
125.9 477B.041, the executive director must credit the fire state aid against future municipal
125.10 contribution requirements under section 353G.08 and must notify the municipality or the
125.11 independent nonprofit firefighting corporation of the fire state aid so credited at least
125.12 annually. If this paragraph applies and the executive director has approved an aid allocation
125.13 plan under section 477B.041, the executive director must allocate fire state aid in the manner
125.14 described under section 477B.041.

125.15 (b) If (1) the municipality or the independent nonprofit firefighting corporation ~~is~~ does
125.16 not have firefighters covered by the statewide volunteer firefighter plan and is affiliated
125.17 with a duly incorporated firefighters relief association, (2) the relief association has filed a
125.18 financial report with the municipality pursuant to section 424A.014, subdivision 1 or 2,
125.19 whichever applies, and (3) there is not an aid allocation agreement under section 477B.042
125.20 in effect, then the treasurer of the municipality must, within 30 days after receipt, transmit
125.21 the fire state aid to the treasurer of the relief association. If clauses (1) and (2) are satisfied
125.22 and there is an aid allocation agreement under section 477B.042 in effect, then fire state aid
125.23 must be transmitted as described in that section. If the relief association has not filed a
125.24 financial report with the municipality, then, regardless of whether an aid allocation agreement
125.25 is in effect, the treasurer of the municipality must delay transmission of the fire state aid to
125.26 the relief association until the complete financial report is filed.

125.27 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal
125.28 treasury if (1) the municipality or independent nonprofit firefighting corporation ~~is~~ does not
125.29 have firefighters covered by the statewide volunteer firefighter plan, (2) there is no relief
125.30 association organized, (3) the association has dissolved, or (4) the association has been
125.31 removed as trustees of state aid. The money may be disbursed from the municipal treasury
125.32 only for the purposes and in the manner set forth in section 424A.08 or for the payment of
125.33 the employer contribution requirement with respect to firefighters covered by the public
125.34 employees police and fire retirement plan under section 353.65, subdivision 3.

126.1 Sec. 10. Minnesota Statutes 2024, section 477B.04, subdivision 4, is amended to read:

126.2 Subd. 4. **Aid amount corrections.** (a) ~~An~~ The commissioner must make any adjustment
126.3 needed to correct a fire state aid overpayment or underpayment due to a clerical error ~~must~~
126.4 ~~be made~~ to subsequent fire state aid payments as provided in paragraphs (b) and (c). The
126.5 commissioner's authority to correct an aid payment under this subdivision is limited to three
126.6 years after the payment was issued.

126.7 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,
126.8 the commissioner must reduce the aid a municipality or independent nonprofit firefighting
126.9 corporation is to receive by the amount overpaid over a period of no more than three years.
126.10 If an overpayment equals or is less than ten percent of the most recently paid aid amount,
126.11 the commissioner must reduce the next aid payment occurring in 30 days or more by the
126.12 amount overpaid.

126.13 (c) In the event of an underpayment, the commissioner must distribute the amount of
126.14 underpaid funds to the municipality or independent nonprofit firefighting corporation over
126.15 a period of no more than three years. An additional distribution to a municipality or
126.16 independent nonprofit firefighting corporation must be paid from the general fund and must
126.17 not diminish the payments made to other municipalities or independent nonprofit firefighting
126.18 corporations under this chapter.

126.19 Sec. 11. **EFFECTIVE DATE.**

126.20 Sections 1 to 10 are effective beginning with aids payable in 2026.

126.21 **ARTICLE 22**

126.22 **STATE BOARD OF INVESTMENT**

126.23 Section 1. Minnesota Statutes 2024, section 11A.07, subdivision 4, is amended to read:

126.24 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

126.25 (1) plan, direct, coordinate, and execute administrative and investment functions in
126.26 conformity with the policies and directives of the state board and the requirements of this
126.27 chapter and of chapter 356A;

126.28 (2) prepare and submit biennial and annual budgets to the board and with the approval
126.29 of the board submit the budgets to the Department of Management and Budget;

126.30 (3) employ professional and clerical staff as necessary;

126.31 (4) report to the state board on all operations under the director's control and supervision;

127.1 (5) maintain accurate and complete records of securities transactions and official
127.2 activities;

127.3 (6) establish a policy, which is subject to state board approval, relating to the purchase
127.4 and sale of securities on the basis of competitive offerings or bids;

127.5 (7) cause securities acquired to be kept in the custody of the commissioner of management
127.6 and budget or other depositories consistent with chapter 356A, as the state board deems
127.7 appropriate;

127.8 (8) prepare and file with the director of the Legislative Reference Library, ~~by December~~
127.9 ~~31 of each year,~~ a report summarizing the activities of the state board, the council, and the
127.10 director during the preceding fiscal year;

127.11 (9) include on the state board's website its annual report and an executive summary of
127.12 its quarterly reports;

127.13 (10) require state officials from any department or agency to produce and provide access
127.14 to any financial documents the state board deems necessary in the conduct of its investment
127.15 activities;

127.16 (11) receive and expend legislative appropriations; and

127.17 (12) undertake any other activities necessary to implement the duties and powers set
127.18 forth in this subdivision consistent with chapter 356A.

127.19 Sec. 2. Minnesota Statutes 2024, section 11A.07, subdivision 4b, is amended to read:

127.20 Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must
127.21 include an executive summary, must be prepared and filed after the completion of the
127.22 applicable fiscal year audit but no later than March 31 of each year, and must be prepared
127.23 so as to provide the legislature and the people of the state with:

127.24 (1) a clear, comprehensive summary of the portfolio composition, the transactions, the
127.25 total annual rate of return, and the yield to the state treasury and to each of the funds with
127.26 assets invested by the state board; and

127.27 (2) the recipients of business placed or commissions allocated among the various
127.28 commercial banks, investment bankers, money managers, and brokerage organizations and
127.29 the amount of these commissions or other fees.

127.30 Sec. 3. **REPEALER.**

127.31 Minnesota Statutes 2024, section 11A.27, is repealed.

128.1 Sec. 4. **EFFECTIVE DATE.**

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

128.3 **ARTICLE 23**

128.4 **MISCELLANEOUS TECHNICAL CORRECTIONS**

128.5 Section 1. Minnesota Statutes 2024, section 124E.12, subdivision 4, is amended to read:

128.6 Subd. 4. **Teacher and other employee retirement.** (a) Teachers in a charter school
128.7 must be public school teachers for the purposes of chapters 354 and 354A ~~governing the~~
128.8 ~~Teacher Retirement Act.~~

128.9 (b) Except for teachers under paragraph (a), employees in a charter school must be public
128.10 employees for the purposes of chapter 353 ~~governing the Public Employees Retirement~~
128.11 ~~Act.~~

128.12 Sec. 2. Minnesota Statutes 2024, section 124E.12, subdivision 6, is amended to read:

128.13 Subd. 6. **Leave to teach in a charter school.** If a teacher employed by a district makes
128.14 a written request for an extended leave of absence to teach at a charter school, the district
128.15 must grant the leave. The district must grant a leave not to exceed a total of five years. Any
128.16 request to extend the leave shall be granted only at the discretion of the school board. The
128.17 district may require a teacher to make the request for a leave or extension of leave before
128.18 February 1 in the school year preceding the school year in which the teacher intends to
128.19 leave, or February 1 of the calendar year in which the teacher's leave is scheduled to
128.20 terminate. Except as otherwise provided in this subdivision and section 122A.46, subdivision
128.21 7, governing employment in another district, the leave is governed by section 122A.46,
128.22 including, but not limited to, reinstatement, notice of intention to return, seniority, salary,
128.23 and insurance.

128.24 During a leave, the teacher may continue to ~~aggregate benefits and credits~~ earn service
128.25 and salary credit toward a pension in the Teachers' Retirement Association ~~account~~ or the
128.26 St. Paul Teachers Retirement Fund Association under chapters 354 and 354A, respectively,
128.27 consistent with subdivision 4.

128.28 Sec. 3. Minnesota Statutes 2024, section 181.101, is amended to read:

128.29 **181.101 WAGES; HOW OFTEN PAID.**

128.30 (a) Except as provided in paragraph (b), every employer must pay all wages, including
128.31 salary, earnings, and gratuities earned by an employee at least once every 31 days and all

129.1 commissions earned by an employee at least once every three months, on a regular payday
129.2 designated in advance by the employer regardless of whether the employee requests payment
129.3 at longer intervals. Unless paid earlier, the wages earned during the first half of the first
129.4 31-day pay period become due on the first regular payday following the first day of work.
129.5 If wages or commissions earned are not paid, the commissioner of labor and industry or the
129.6 commissioner's representative may serve a demand for payment on behalf of an employee.
129.7 In addition to other remedies under section 177.27, if payment of wages is not made within
129.8 ten days of service of the demand, the commissioner may charge and collect the wages
129.9 earned at the employee's rate or rates of pay or at the rate or rates required by law, including
129.10 any applicable statute, regulation, rule, ordinance, government resolution or policy, contract,
129.11 or other legal authority, whichever rate of pay is greater, and a penalty in the amount of the
129.12 employee's average daily earnings at the same rate or rates for each day beyond the ten-day
129.13 limit following the demand. If payment of commissions is not made within ten days of
129.14 service of the demand, the commissioner may charge and collect the commissions earned
129.15 and a penalty equal to 1/15 of the commissions earned but unpaid for each day beyond the
129.16 ten-day limit. Money collected by the commissioner must be paid to the employee concerned.
129.17 This section does not prevent an employee from prosecuting a claim for wages. This section
129.18 does not prevent a school district, other public school entity, or other school, as defined
129.19 under section 120A.22, from paying any wages earned by its employees during a school
129.20 year on regular paydays in the manner provided by an applicable contract or collective
129.21 bargaining agreement, or a personnel policy adopted by the governing board. For purposes
129.22 of this section, "employee" includes a person who performs agricultural labor as defined in
129.23 section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an
129.24 employee works. This section provides a substantive right for employees to the payment of
129.25 wages, including salary, earnings, and gratuities, as well as commissions, in addition to the
129.26 right to be paid at certain times.

129.27 (b) An employer of a volunteer or paid on-call firefighter, as defined in section 424A.001,
129.28 subdivision 10, a member of an organized first responder squad that is formally recognized
129.29 by a political subdivision in the state, or a volunteer ambulance driver or attendant must
129.30 pay all wages earned by the volunteer firefighter, first responder, or volunteer ambulance
129.31 driver or attendant at least once every 31 days, unless the employer and the employee
129.32 mutually agree upon payment at longer intervals.

129.33 Sec. 4. Minnesota Statutes 2024, section 356.633, subdivision 1, is amended to read:

129.34 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
129.35 the meanings given.

130.1 (b) "Covered retirement plan" means a pension or retirement plan listed in section
130.2 356.611, subdivision 6, and the Minnesota deferred compensation plan established under
130.3 section 352.965.

130.4 ~~(b)~~ (c) "Distributee" means:

130.5 (1) a member of or participant in a covered retirement plan listed in section 356.611,
130.6 ~~subdivision 6;~~

130.7 (2) the surviving spouse of a member of or participant in a covered retirement plan;

130.8 (3) the former spouse of ~~the~~ a member of or participant in a covered retirement plan who
130.9 is the alternate payee under a qualified domestic relations order as defined in section 414(p)
130.10 of the Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution
130.11 of marital property, as provided in section 518.58; or

130.12 (4) a nonspousal beneficiary of a member of or participant in a covered retirement plan
130.13 who qualifies for a distribution under the plan and is a designated beneficiary as defined in
130.14 section 401(a)(9)(E) of the Internal Revenue Code.

130.15 ~~(c)~~ (d) "Eligible retirement plan" means:

130.16 (1) an individual retirement account under section 408(a) or 408A of the Internal Revenue
130.17 Code;

130.18 (2) an individual retirement annuity plan under section 408(b) of the Internal Revenue
130.19 Code;

130.20 (3) an annuity plan under section 403(a) of the Internal Revenue Code;

130.21 (4) a qualified trust plan under section 401(a) of the Internal Revenue Code that accepts
130.22 ~~the distributee's eligible rollover distribution~~ distributions;

130.23 (5) an annuity contract under section 403(b) of the Internal Revenue Code;

130.24 (6) an eligible deferred compensation plan under section 457(b) of the Internal Revenue
130.25 Code, ~~which~~ including the Minnesota deferred compensation plan, that is maintained by a
130.26 state or local government, accepts eligible rollover distributions, and ~~which~~ agrees to
130.27 separately account for the amounts transferred into the plan;

130.28 (7) ~~in the case of an eligible rollover distribution to a~~ if the distributee is a surviving
130.29 spouse or nonspousal beneficiary, an individual account or annuity treated as an inherited
130.30 individual retirement account under section 402(c)(11) of the Internal Revenue Code; or

131.1 (8) a savings incentive match plan for employees of small employers (SIMPLE) individual
131.2 retirement account under section 408(p) of the Internal Revenue Code, provided that the
131.3 rollover distribution is made after the two-year period beginning on the date the distributee
131.4 first participated in any qualified salary reduction arrangement maintained by the distributee's
131.5 employer under section 408(p)(2) of the Internal Revenue Code, as described in section
131.6 72(t)(6) of the Internal Revenue Code.

131.7 ~~(d)~~ (e) "Eligible rollover distribution" means any distribution of all or any portion of the
131.8 balance to the credit of the distributee. An eligible rollover distribution does not include:

131.9 (1) a distribution that is one of a series of substantially equal periodic payments,
131.10 receivable annually or more frequently, that is made for the life or life expectancy of the
131.11 distributee, the joint lives or joint life expectancies of the distributee and the distributee's
131.12 designated beneficiary, or for a specified period of ten years or more;

131.13 (2) a distribution that is required under section 401(a)(9) of the Internal Revenue Code;
131.14 ~~or~~

131.15 (3) a distribution that is less than \$200; or

131.16 ~~(3)~~ (4) any other exception required by law or the Internal Revenue Code.

131.17 Sec. 5. Minnesota Statutes 2024, section 356.633, subdivision 2, is amended to read:

131.18 Subd. 2. **Right to elect direct rollover.** Except as provided in subdivision 3 for after-tax
131.19 contributions, a distributee may elect, at the time and in the manner prescribed by the plan
131.20 administrator, to have all or any portion of an eligible rollover distribution from a covered
131.21 retirement plan paid directly to an eligible retirement plan as specified by the distributee.

131.22 Sec. 6. Minnesota Statutes 2024, section 356.633, is amended by adding a subdivision to
131.23 read:

131.24 Subd. 4. **Notice.** A covered retirement plan must provide the distributee of an eligible
131.25 rollover distribution from the covered retirement plan with the notice required by section
131.26 402(f) of the Internal Revenue Code within the time period prior to making the eligible
131.27 rollover distribution, as required by regulations issued pursuant to section 402(f) of the
131.28 Internal Revenue Code.

131.29 Sec. 7. **[356.638] MILITARY SERVICE.**

131.30 A covered retirement plan as defined in section 356.633, subdivision 1, paragraph (b),
131.31 must require contributions and provide benefits, including death and disability benefits

132.1 under section 401(a)(37) of the Internal Revenue Code, and service credit with respect to
132.2 qualified military service according to section 414(u) of the Internal Revenue Code. If a
132.3 member dies while the member is performing qualified military service as defined in United
132.4 States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal
132.5 Revenue Code, survivors of the member are entitled to any additional benefits that the
132.6 covered retirement plan would have provided if the member had resumed employment and
132.7 then died, including but not limited to accelerated vesting or survivor benefits that are
132.8 contingent on the member's death while employed. A deceased member's period of qualified
132.9 military service must be counted for vesting purposes.

132.10 Sec. 8. Minnesota Statutes 2024, section 424B.22, subdivision 1, is amended to read:

132.11 Subdivision 1. **Application.** (a) Notwithstanding any laws to the contrary, this section
132.12 applies to:

132.13 (1) the termination of a retirement plan established and administered by a relief
132.14 association, whether or not the relief association is also dissolved or eliminated; and

132.15 (2) the dissolution of a relief association that is not consolidating with another relief
132.16 association under sections 424B.01 to 424B.10.

132.17 (b) This section does not apply to the dissolution of a relief association or the termination
132.18 of a retirement plan that occurs due to the change in retirement coverage from a retirement
132.19 plan administered by a relief association to the Public Employees Retirement Association
132.20 statewide volunteer firefighter plan under section 353G.06.

132.21 ~~(b) To terminate a retirement plan, the board of trustees must comply with subdivisions~~
132.22 ~~3, 5 to 11, and, if desired, subdivision 4.~~

132.23 ~~(c) To dissolve a relief association, the board of trustees of the relief association must:~~

132.24 ~~(1) terminate the retirement plan in accordance with paragraph (b);~~

132.25 ~~(2) determine all legal obligations of the special and general funds of the relief association,~~
132.26 ~~as required by subdivision 5;~~

132.27 ~~(3) take the actions required by subdivision 12; and~~

132.28 ~~(4) comply with the requirements governing dissolution of nonprofit corporations under~~
132.29 ~~chapter 317A.~~

132.30 ~~(d) A relief association that terminates its retirement plan must liquidate its special fund~~
132.31 ~~as provided in subdivision 8, but need not liquidate its general fund if the relief association~~
132.32 ~~is not being dissolved.~~

133.1 Sec. 9. Minnesota Statutes 2024, section 424B.22, is amended by adding a subdivision to
133.2 read:

133.3 Subd. 1a. **Voluntary dissolution and termination.** (a) To terminate a retirement plan,
133.4 the board of trustees must comply with subdivisions 3, 5 to 11, and, if desired, subdivision
133.5 4.

133.6 (b) To dissolve a relief association, the board of trustees of the relief association must:

133.7 (1) terminate the retirement plan in accordance with paragraph (a);

133.8 (2) determine all legal obligations of the special and general funds of the relief association,
133.9 as required by subdivision 5;

133.10 (3) take the actions required by subdivision 12; and

133.11 (4) comply with the requirements governing dissolution of nonprofit corporations under
133.12 chapter 317A.

133.13 (c) A relief association that terminates its retirement plan must liquidate its special fund
133.14 as provided in subdivision 8, but need not liquidate its general fund if the relief association
133.15 is not being dissolved.

133.16 Sec. 10. Minnesota Statutes 2024, section 424B.22, subdivision 2, is amended to read:

133.17 Subd. 2. **Involuntary dissolution and termination.** (a) A relief association is dissolved
133.18 and the retirement plan administered by the relief association is terminated automatically
133.19 if:

133.20 (1) the fire department affiliated with a relief association is dissolved by action of the
133.21 governing body of the municipality in which the fire department is located or by the
133.22 governing body of the independent nonprofit firefighting corporation, whichever applies;

133.23 ~~or~~

133.24 (2) the fire department affiliated with a relief association has terminated the employment
133.25 or services of all active members of the relief association; or

133.26 (3) the governing body with which the fire department is affiliated has resolved to transfer
133.27 the fire department's active firefighters who are members of the relief association to one or
133.28 more pension plans established under chapter 353 and has filed the resolution, if applicable,
133.29 with the Public Employees Retirement Association, and the relief association's retirement
133.30 plan will have no remaining active firefighters earning service toward a retirement benefit
133.31 when the transfer is completed.

(b) An involuntary termination of a relief association under this subdivision is effective on the December 31 that is at least eight months after the date on which the fire department is dissolved or the termination of employment or services of all active members of the relief association occurs.

(c) The board of trustees must comply with subdivisions 3 and 5 to 12. The board of trustees may comply with subdivision 4. The state auditor has the discretion to waive these requirements if the board of trustees requests a waiver in advance and provides adequate demonstration that meeting these requirements is not practicable.

(d) The retirement plan administered by a relief association is terminated automatically if the relief association is dissolved, effective on the date of the dissolution of the relief association.

Sec. 11. Minnesota Statutes 2024, section 424B.22, subdivision 3, is amended to read:

Subd. 3. **Retirement plan termination date, full vesting, and forfeitures.** (a) Unless subdivision 2 applies, the effective date of the termination of a retirement plan is the date approved by the board of trustees of the relief association. If the board of trustees does not approve a termination date, the effective date of the termination of a retirement plan is the effective date of the dissolution of the relief association or, if the relief association is not being dissolved, the end of the calendar year in which the termination of employment or services of all active members of the relief association occurs.

(b) ~~As of the earlier of the retirement plan termination date or the date on which the termination of employment or services of all active members of the relief association occurs~~ required by section 356.001, subdivision 3, each participant becomes fully (100 percent) member must become 100 percent vested in the participant's member's retirement benefit under accrued and funded to the earlier of the retirement plan termination date or the date on which the termination of employment or services of all active members of the relief association occurs, notwithstanding any bylaws or laws to the contrary, except for. For purposes of this paragraph:

(1) "member" does not mean any retiree in pay status who is receiving a monthly service pension from a relief association described in section 424A.093; and

(2) crediting of interest on deferred service pensions under the terms of the bylaws of a defined benefit relief association and section 424A.02, subdivision 7, ends on the retirement plan termination date.

135.1 (c) If the relief association is a defined contribution relief association, the account of
135.2 each participant who becomes 100 percent vested under paragraph (b) shall include an
135.3 allocation of any forfeiture that is required, under the bylaws of the relief association, to
135.4 occur on or as of the end of the calendar year during which the termination of the retirement
135.5 plan is effective, if the participant is entitled to an allocation of forfeitures under the bylaws.
135.6 Any account so forfeited shall not be included in the retirement benefits that become 100
135.7 percent vested under paragraph (b).

135.8 Sec. 12. **REPEALER.**

135.9 Minnesota Statutes 2024, section 356.635, subdivision 9, is repealed.

135.10 Sec. 13. **EFFECTIVE DATE.**

135.11 Sections 1 to 12 are effective the day following final enactment."

135.12 Amend the title accordingly