

1.1 **Senator Xiong from the Committee on State and Local Government, to which was**
1.2 **referred**

1.3 **S.F. No. 2884:** A bill for an act relating to retirement; making administrative changes
1.4 to statutes governing the retirement plans administered by the Minnesota State Retirement
1.5 System; making conforming changes to vesting requirements for deferred retirement
1.6 annuities; modifying the annual reporting requirement for plan operational and other errors;
1.7 requiring reports; amending Minnesota Statutes 2024, sections 352.22, subdivisions 2b, 3;
1.8 356.636, subdivision 3.

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

1.10 Delete everything after the enacting clause and insert:

1.11 **"ARTICLE 1**

1.12 **MINNESOTA STATE RETIREMENT SYSTEM**

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

1.14 Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section
1.15 352.116, subdivision 1, applies to a person who became a covered employee or a member
1.16 of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless
1.17 paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity
1.18 amount, in which case paragraph (b) applies.

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

1.25 (2) If the employee has allowable service after June 30, 2025, the employee's retirement
1.26 annuity is equal to the employee's average salary multiplied by 1.2 percent per year of
1.27 allowable service for the first ten years and 1.7 percent for each later year of allowable
1.28 service through June 30, 2025, and 1.9 percent for each year of allowable service after June
1.29 30, 2025, and pro rata for completed months less than a full year.

1.30 (b) This paragraph applies to a person who has become at least 55 years old and first
1.31 became a covered employee after June 30, 1989, and to any other covered employee who
1.32 has become at least 55 years old and whose annuity amount, when calculated under this
1.33 paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when
1.34 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 ~~1.5~~ 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

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

8.2 (12) public hospital employees who elected not to participate as members of the
8.3 association before 1972 and who did not elect to participate from July 1, 1988, to October
8.4 1, 1988;

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

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

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

8.20 (i) pipefitters and associated trades personnel employed by Independent School District
8.21 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
8.22 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
8.23 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
8.24 12;

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

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

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;

- 10.1 (18) independent contractors and the employees of independent contractors;
- 10.2 (19) reemployed annuitants of the association during the course of that reemployment;
- 10.3 (20) persons appointed to serve on a board or commission of a governmental subdivision
- 10.4 or an instrumentality thereof;
- 10.5 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
- 10.6 Transit Commission who are members of the International Brotherhood of Teamsters Local
- 10.7 638 and who are, by virtue of that employment, members of the International Brotherhood
- 10.8 of Teamsters Central States pension plan; and
- 10.9 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who
- 10.10 are members of the Teamsters General Local Union 346 and who are, by virtue of that
- 10.11 employment, members of the Central States Southeast and Southwest Areas Pension Fund.
- 10.12 (b) Any person performing the duties of a public officer in a position defined in
- 10.13 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
- 10.14 employee of an independent contractor.

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

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

10.17 Subd. 2d. **Optional membership.** (a) Membership in the association is optional by

10.18 action of the individual employee for the following public employees who meet the conditions

10.19 set forth in subdivision 2a:

10.20 (1) members of the coordinated plan who are also employees of labor organizations as

10.21 defined in section 353.017, subdivision 1, for their employment by the labor organization

10.22 only, if they elect to have membership under section 353.017, subdivision 2;

10.23 (2) persons who are elected or ~~persons who are~~ appointed to elected positions, other

10.24 than local governing body elected positions, and who elect to participate within 30 days of

10.25 taking office by filing completing and signing a written election for membership election

10.26 on a form prescribed by the executive director of the association and filing the membership

10.27 election with the association within 60 days of taking office;

10.28 (3) members of the association who are appointed by the governor to be a state department

10.29 head and who elect not to be covered by the general state employees retirement plan of the

10.30 Minnesota State Retirement System under section 352.021;

10.31 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be

10.32 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

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

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

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

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

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

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

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

12.19 Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion
 12.20 under subdivision 2 is made, and if the city manager and the governing body of the city
 12.21 additionally agree in writing that the additional compensation is to be deferred and is to be
 12.22 contributed on behalf of the city manager to a deferred compensation program that meets
 12.23 the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and
 12.24 section 356.24, the governing body may compensate the city manager, in addition to the
 12.25 salary allowed under any limitation imposed on salaries by law or charter, in an amount
 12.26 equal to the employer contribution that would be required by section 353.27, subdivision
 12.27 3, if the city manager were a member of the general employees retirement plan.

12.28 (b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager
 12.29 and the governing body of the city may agree in writing that the equivalent employer
 12.30 contribution to the contribution under section 353.27, subdivision 3, be contributed by the
 12.31 city to the defined contribution plan of the Public Employees Retirement Association under
 12.32 chapter 353D. ~~Any~~ An election and agreement under this paragraph must be entered into
 12.33 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 ~~(e)~~ (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.02, subdivision 1, is amended to read:

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

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

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

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

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

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

16.12 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with
16.13 eligible personnel may elect to participate in the plan. If a service elects to participate, its
16.14 eligible personnel may elect to participate or decline to participate. An individual's
16.15 membership election must be made within 30 days of the service's election to participate
16.16 or within 30 days of the date on which the individual began employment with the service
16.17 or began to provide service for it, whichever date is later. The membership election must
16.18 be received by the association within 60 days of the service's election to participate or within
16.19 60 days of the date on which the individual first began employment, whichever is later. An
16.20 election by a service or an individual is irrevocable.

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

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

16.23 Subd. 4. **Eligible rescue squad personnel.** The municipality or county, as applicable,
16.24 associated with a rescue squad under section 353D.01, subdivision 2, paragraph (a), clause
16.25 (4), may elect to participate in the plan. If the municipality or county, as applicable, elects
16.26 to participate, the eligible personnel may elect to participate or decline to participate. An
16.27 eligible individual's membership election must be made within 30 days of the service's
16.28 municipality's or county's election to participate or within 30 days of the date on which the
16.29 individual first began employment with the rescue squad, whichever is later. The membership
16.30 election must be received by the association within 60 days of the municipality's or county's
16.31 election to participate or within 60 days of the date on which the individual first began
16.32 employment, whichever is later. Elections under this subdivision by a government unit or
16.33 individual are irrevocable. The municipality or county, as applicable, must specify by

17.1 resolution eligibility requirements for rescue squad personnel which must be satisfied if the
17.2 individual is to be authorized to make the membership election under this subdivision.

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

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

17.5 Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the
17.6 city of St. Paul who do not elect to participate in the general employees retirement plan may
17.7 elect within the first 30 days of commencing employment to participate in the plan by ~~filing~~
17.8 completing and signing a membership application election on a form prescribed by the
17.9 executive director of the association authorizing contributions to be deducted from the
17.10 employee's salary. Participation begins on the first day of the pay period for which the
17.11 contributions were deducted or, if pay period coverage dates are not provided, the date on
17.12 which the membership ~~application~~ election or the contributions are received in the office
17.13 of the association, whichever is received first, ~~if provided~~ the membership application
17.14 election is received by the association within 60 days of ~~the receipt of the contributions~~
17.15 commencing employment. An election to participate in the plan is irrevocable.

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

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

17.18 Subd. 6. **City managers.** ~~Any city managers~~ manager who elected to be excluded within
17.19 30 days of commencing employment from the general employees retirement plan of the
17.20 Public Employees Retirement Association under section 353.028, subdivision 2, and who
17.21 ~~elected to participate in the plan~~ entered into an agreement under section 353.028, subdivision
17.22 3, paragraph (b), with the governing body of the city that employs the city manager to have
17.23 the city make contributions to the defined contribution plan under chapter 353D, must file
17.24 ~~that an~~ election with the executive director association within the first ~~30~~ 60 days of
17.25 commencing employment to participate in the defined contribution plan. The city manager
17.26 must complete and sign a membership election on a form prescribed by the executive director
17.27 of the association. Participation begins on the first day of the pay period next following the
17.28 date of the coverage election. An election to participate by a city manager is irrevocable.

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

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

17.31 Subd. 7. **Certain volunteer firefighters.** Volunteer or on-call firefighters who are serving
17.32 as members of a municipal fire department or an independent nonprofit firefighting

corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68, by a firefighters relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service by completing and signing a membership election on a form prescribed by the executive director of the association. The membership election must be filed with the association within 60 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the membership election.

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.

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

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

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

19.8 Subd. 3c. **General employees retirement fund.** "General employees retirement fund"
19.9 means the general employees retirement fund as defined under section 353.27, subdivision
19.10 1.

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

19.13 Subd. 3d. **General employees retirement plan.** "General employees retirement plan"
19.14 or "general plan" means the general employees retirement plan of the association established
19.15 under chapter 353.

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

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

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

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

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

19.27 Subd. 4c. **Privatize or privatizing.** "Privatize" or "privatizing" means to engage in a
19.28 transaction, including a sale to, acquisition by, or merger with an entity or a sale to or
19.29 acquisition by one or more individuals, or a series of such transactions that result in a
19.30 governmental subdivision ceasing to be a governmental subdivision on or after the effective

20.1 date of privatization. Privatize or privatizing does not mean ceasing to be a governmental
20.2 subdivision because the subdivision closed or permanently ceased to operate.

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

20.4 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"
20.5 means ~~a medical facility that was included in the definition of~~ an entity that was a
20.6 governmental subdivision under section 353.01, subdivision 6, on the day before the effective
20.7 date of privatization ~~that is privatized and whose employees are certified for participation~~
20.8 under this chapter privatized employees.

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

20.10 Subd. 6. **Privatized former public employee.** (a) "Privatized former public employee"
20.11 means a person who, before the effective date of the privatization of a governmental
20.12 subdivision:

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

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

20.17 (3) (2) ~~was a participant in~~ member of the general employees retirement plan ~~of the~~
20.18 ~~Public Employees Retirement Association at the time of termination of employment with~~
20.19 ~~the privatized former public employer~~ for the period of employment with the governmental
20.20 subdivision.

20.21 (b) Privatized former public employee does not mean a person who, on the day before
20.22 the effective date of privatization, was simultaneously employed with the privatized former
20.23 public employer and by a governmental subdivision ~~under section 353.01, subdivision 6,~~
20.24 and who, after the effective date of privatization, continues to accrue service credit under
20.25 section 353.01, subdivision 16, through simultaneous employment with a governmental
20.26 subdivision.

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

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

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

21.2 **353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL**
 21.3 **FACILITIES AND OTHER PUBLIC EMPLOYING UNITS WITHDRAWAL**
 21.4 **LIABILITY.**

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

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

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

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

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

21.26 ~~(c)~~ Following (d) If, within 30 days after receipt of a the resolution and a determination
 21.27 by information under paragraph (b), the executive director determines that the new employer
 21.28 is after the privatization will not be a governmental subdivision, the executive director shall
 21.29 must direct the consulting actuary retained by the association under section 356.214 to
 21.30 ~~determine whether the general employees retirement plan of the Public Employees Retirement~~
 21.31 ~~Association, if coverage under this chapter is provided, is expected to receive a net gain or~~
 21.32 ~~a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special~~
 21.33 ~~benefit coverage provided under this chapter, if extended to the applicable employees under~~
 21.34 ~~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

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

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

23.5 (2) the chair and the executive director of the Legislative Commission on Pensions and
 23.6 Retirement; and

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

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

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

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

23.26 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

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

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

24.2 **353F.04 AUGMENTATION INTEREST RATES FOR PRIVATIZED FORMER**
24.3 **PUBLIC EMPLOYEES.**

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

24.7 (b) This paragraph applies if the effective date of privatization was on or before January
24.8 1, 2007, and also applies to Hutchinson Area Health Care with a privatization effective date
24.9 of January 1, 2008. For a privatized ~~former public~~ employee, the augmentation rate is 5.5
24.10 percent compounded annually until January 1 following the year in which the ~~person~~
24.11 privatized employee attains age 55. After that date, the augmentation rate is 7.5 percent
24.12 compounded annually.

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

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

24.25 (e) Notwithstanding paragraphs (b) to (d), after June 30, 2020, and before January 1,
24.26 2024, the augmentation rate for all privatized ~~former public~~ employees under paragraphs
24.27 (b) to (d) is two percent compounded annually. After December 31, 2023, no additional
24.28 augmentation is applied to the deferred annuities of privatized ~~former public employee's~~
24.29 ~~deferred annuity~~ employees.

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

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

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

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

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

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

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

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

25.12 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**
25.13 **EARLY RETIREMENT PURPOSES.**

25.14 (a) For the purpose of determining eligibility for early retirement benefits provided under
25.15 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year
25.16 before the year in which the privatization occurred, and notwithstanding any provision of
25.17 chapter 353; to the contrary, the years of allowable service for a privatized ~~former public~~
25.18 employee who transfers employment on the effective date of privatization and does not
25.19 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of
25.20 Minnesota Statutes published in the year before the year in which the privatization occurred,
25.21 or any similar provision, includes service with the privatized ~~former public~~ employer
25.22 following the effective date. The privatized ~~former public~~ employer shall provide any reports
25.23 that the executive director of the ~~Public Employees Retirement Association~~ may reasonably
25.24 request to permit calculation of benefits.

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

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

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

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

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

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

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

26.9 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**
26.10 **PROVISION.**

26.11 Notwithstanding any provisions of law to the contrary, subdivisions within section
26.12 353.32 of the edition of Minnesota Statutes published in the year before the year in which
26.13 a privatization occurred, applicable to the surviving spouse or dependent children of a former
26.14 member as defined in section 353.01, subdivision 7a, apply to the survivors of a privatized
26.15 ~~former public~~ employee.

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

26.17 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

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

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

26.23 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**
26.24 **LIMITATIONS.**

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

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

27.2 **353F.07 EFFECT ON REFUND.**

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

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

27.11 **353F.08 COUNSELING SERVICES.**

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

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

27.18 **353F.09 APPLICATION TO SALES OF PRIVATIZED ~~FORMER PUBLIC~~**
27.19 **EMPLOYERS.**

27.20 A ~~medical facility or other employing unit~~ privatized employer shall cease to be a
27.21 privatized ~~former public~~ employer and its employees shall cease to be considered privatized
27.22 ~~former public~~ employees under this chapter upon the sale of the operations of the ~~medical~~
27.23 ~~facility or~~ employing unit to another employer or the sale of the ~~medical facility or~~ employing
27.24 unit to another employer. The privatized ~~former public~~ employees ~~shall be~~ are entitled to
27.25 benefits accrued under this chapter to the date of the sale, but ~~shall~~ must not accrue additional
27.26 benefits after the date of the sale.

27.27 Sec. 25. **REPEALER.**

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

27.29 Sec. 26. **EFFECTIVE DATE.**

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

28.1 **ARTICLE 5**

28.2 **MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP**

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

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

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

28.8 Subd. 3. **Contributions.** The employee and employer contributions required by section
28.9 352.04, or by section 352.92 for employees covered by section ~~352.91~~ 352.905, are the
28.10 obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph
28.11 (a), or who chooses coverage under this section. However, the employing labor organization
28.12 may pay the employer contributions. Contributions made by the employee must be made
28.13 by salary deduction. The employing labor organization shall pay all contributions to the
28.14 system as required by section 352.04, or by section 352.92 for employees covered by section
28.15 ~~352.91~~ 352.905.

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

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

28.24 (b) The executive director, deputy director, and assistant director must be in the
28.25 unclassified service but appointees may be selected from civil service lists if desired.
28.26 Notwithstanding any law to the contrary, the board must set the salary of the executive
28.27 director. The board must review the performance of the executive director on an annual
28.28 basis and may grant salary adjustments as a result of the review. The salary of the deputy
28.29 director and assistant director must be set in accordance with section 43A.18, subdivision
28.30 3.

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

29.2 **352.90 POLICY.**

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

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

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

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

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

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

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

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

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

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

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

30.7 (1) Minnesota Correctional Facility-Faribault;

30.8 (2) Minnesota Correctional Facility-Lino Lakes;

30.9 (3) Minnesota Correctional Facility-Moose Lake;

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

30.11 (5) Minnesota Correctional Facility-Red Wing;

30.12 (6) Minnesota Correctional Facility-Rush City;

30.13 (7) Minnesota Correctional Facility-Shakopee;

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

30.15 (9) Minnesota Correctional Facility-Stillwater;

30.16 (10) Minnesota Correctional Facility-Togo; or

30.17 (11) Minnesota Correctional Facility-Willow River.

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

30.19 (1) the forensic services program; or

30.20 (2) the Minnesota Sex Offender Program.

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

30.23 Subd. 11. **Rehabilitation.** "Rehabilitation" means the process of providing treatment,
30.24 education, or other interventions designed to improve the mental, physical, or behavioral
30.25 condition of a patient, client, or incarcerated person with the goal of facilitating the
30.26 reintegration into society or improving the quality of life of the patient, client, or incarcerated
30.27 person.

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

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

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

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

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

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

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

31.19 (1) corrections officer 1;

31.20 (2) corrections officer 2;

31.21 (3) corrections officer 3;

31.22 (4) corrections lieutenant;

31.23 (5) corrections captain;

31.24 (6) security counselor;

31.25 (7) security counselor lead; or

31.26 (8) corrections canine officer.

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

32.1 director, in the manner prescribed by the executive director, that the employee satisfies the
32.2 direct contact requirement.

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

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

32.8 (1) automotive mechanic;

32.9 (2) baker;

32.10 (3) behavior analyst 1;

32.11 (4) behavior analyst 2;

32.12 (5) behavior analyst 3;

32.13 (6) building maintenance coordinator;

32.14 (7) building maintenance lead worker;

32.15 (8) building maintenance supervisor 2;

32.16 (9) building utilities mechanic;

32.17 (10) carpenter;

32.18 (11) carpenter lead;

32.19 (12) central services administrative specialist intermediate;

32.20 (13) central services administrative specialist principal;

32.21 (14) central services administrative specialist senior;

32.22 (15) certified occupational therapy assistant 1;

32.23 (16) certified occupational therapy assistant 2;

32.24 (17) chaplain;

32.25 (18) client advocate;

32.26 (19) clinical program therapist 1;

32.27 (20) clinical program therapist 2;

32.28 (21) clinical program therapist 3;

- 33.1 (22) clinical program therapist 4;
- 33.2 (23) cook;
- 33.3 (24) cook coordinator;
- 33.4 (25) corrections chief cook;
- 33.5 (26) corrections discipline unit supervisor;
- 33.6 (27) corrections food services supervisor;
- 33.7 (28) corrections industries production supervisor;
- 33.8 (29) corrections inmate program coordinator;
- 33.9 (30) corrections manufacturing specialist-tool and die;
- 33.10 (31) corrections manufacturing specialist-engraving and drafting;
- 33.11 (32) corrections manufacturing specialist-graphics;
- 33.12 (33) corrections manufacturing specialist-light assembly;
- 33.13 (34) corrections manufacturing specialist-light manufacturing;
- 33.14 (35) corrections manufacturing specialist-mechanical;
- 33.15 (36) corrections manufacturing specialist-sales and service;
- 33.16 (37) corrections manufacturing specialist-transportation and warehouse;
- 33.17 (38) corrections manufacturing specialist-wood;
- 33.18 (39) corrections security caseworker;
- 33.19 (40) corrections security caseworker career;
- 33.20 (41) corrections teaching assistant;
- 33.21 (42) corrections transitions program coordinator;
- 33.22 (43) culinary supervisor; and
- 33.23 (44) customer services specialist principal.
- 33.24 Subd. 4. **Employment positions D to M.** Employment positions with a title that begins
- 33.25 with the letters "D" to "M":
- 33.26 (1) delivery van driver;
- 33.27 (2) dental assistant;

- 34.1 (3) dental hygienist;
- 34.2 (4) dentist;
- 34.3 (5) electrical/electronics specialist;
- 34.4 (6) electrician;
- 34.5 (7) electrician lead;
- 34.6 (8) electrician master of record;
- 34.7 (9) electrician supervisor;
- 34.8 (10) food service supervisor;
- 34.9 (11) food service worker;
- 34.10 (12) general maintenance worker;
- 34.11 (13) general maintenance worker lead;
- 34.12 (14) general repair worker;
- 34.13 (15) groundskeeper senior;
- 34.14 (16) group supervisor;
- 34.15 (17) group supervisor assistant;
- 34.16 (18) human services support specialist;
- 34.17 (19) institution maintenance lead worker;
- 34.18 (20) laborer trades and equipment;
- 34.19 (21) library technician;
- 34.20 (22) library/information resource services specialist;
- 34.21 (23) library/information resource services specialist supervisor;
- 34.22 (24) licensed alcohol/drug counselor;
- 34.23 (25) licensed practical nurse;
- 34.24 (26) machinery repair worker;
- 34.25 (27) maintenance machinist;
- 34.26 (28) management analyst 3;
- 34.27 (29) mason;

35.1 (30) medical assistant, certified; and

35.2 (31) music therapist.

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

35.5 (1) occupational therapist;

35.6 (2) occupational therapist senior;

35.7 (3) painter;

35.8 (4) painter lead;

35.9 (5) physical therapist;

35.10 (6) plant maintenance engineer;

35.11 (7) plant maintenance engineer lead;

35.12 (8) plumber;

35.13 (9) plumber chief;

35.14 (10) plumber master in charge;

35.15 (11) plumber supervisor;

35.16 (12) psychiatric advanced practice registered nurse;

35.17 (13) psychologist 1;

35.18 (14) psychologist 2;

35.19 (15) psychologist 3;

35.20 (16) recreation program assistant;

35.21 (17) recreation therapist;

35.22 (18) recreation therapist coordinator;

35.23 (19) recreation therapist senior;

35.24 (20) refrigeration mechanic;

35.25 (21) registered nurse;

35.26 (22) registered nurse advanced practice;

35.27 (23) registered nurse principal;

- 36.1 (24) registered nurse senior;
- 36.2 (25) rehabilitation counselor senior; and
- 36.3 (26) residential program lead.
- 36.4 Subd. 6. **Employment positions S to W.** Employment positions with a title that begins
- 36.5 with the letters "S" to "W":
- 36.6 (1) security supervisor;
- 36.7 (2) sentencing to service crew leader, institution community work crews;
- 36.8 (3) skills development specialist;
- 36.9 (4) social work specialist;
- 36.10 (5) social work specialist senior-human services;
- 36.11 (6) social worker senior;
- 36.12 (7) special education program assistant;
- 36.13 (8) special teacher: doctoral;
- 36.14 (9) special teacher: master of arts/master of science/five-year+teachers license;
- 36.15 (10) special teacher: five-year career technical credential;
- 36.16 (11) special teacher: five-year career technical credential+10 credits;
- 36.17 (12) special teacher: five-year career technical credential+20 credits;
- 36.18 (13) special teacher: five-year career technical credential+30 credits;
- 36.19 (14) special teacher: five-year career technical credential+40 credits;
- 36.20 (15) special teacher: five-year career technical credential+50 credits;
- 36.21 (16) special teacher: bachelor of arts/bachelor of science+teachers license;
- 36.22 (17) special teacher: bachelor of arts/bachelor of science+teachers license+10 credits;
- 36.23 (18) special teacher: bachelor of arts/bachelor of science+teachers license+20 credits;
- 36.24 (19) special teacher: bachelor of arts/bachelor of science+teachers license+30 credits;
- 36.25 (20) special teacher: bachelor of arts/bachelor of science+teachers license+40 credits;
- 36.26 (21) special teacher: career technical credential;
- 36.27 (22) special teacher: master of arts/master of science+teachers license+10 graduate
- 36.28 credits;

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

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

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

37.6 (26) speech pathology clinician;

37.7 (27) sports medicine specialist;

37.8 (28) work therapy assistant;

37.9 (29) work therapy program coordinator; and

37.10 (30) work therapy technician.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38.20 Subd. 2. **Change in the title of an employment position.** (a) No later than 60 days
38.21 before the effective date of a change in the title of an employment position listed in section
38.22 352.905, the Department of Corrections or Direct Care and Treatment, as applicable, must
38.23 submit a request to the commissioner of management and budget to review the title change
38.24 and determine whether the responsibilities of the employment position have changed. The
38.25 commissioner of management and budget must provide a response to the Department of
38.26 Corrections or Direct Care and Treatment, as applicable, by the effective date of the change.

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

38.32 (1) submit the title change to the executive director of the Legislative Commission on
38.33 Pensions and Retirement before the start of the next legislative session and request legislation
38.34 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

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.

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

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

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

(e) If the correctional plan membership committee determines that an employment position must be added to or removed from the lists of employment positions in section 352.905, subdivisions 3 to 6, the department or agency affected by the determination must submit the employment position 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 make the change.

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

Subd. 5. Procedures for adding or ceasing coverage for employees. (a) The correctional plan membership committee must consider requests to provide coverage by the correctional employees retirement plan to an employee in an employment position listed in section 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

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

43.3 (c) Eligible prior correctional employment is employment covered by the general state
43.4 employees retirement plan of the Minnesota State Retirement System, is continuous service,
43.5 and is certified by the commissioner of corrections and the Direct Care and Treatment
43.6 executive board, whichever applies, and by the commissioner of management and budget
43.7 to the executive director of the Minnesota State Retirement System as service that would
43.8 qualify for correctional state employees retirement plan coverage under section ~~352.91~~
43.9 352.905, if the service had been rendered after the date of coverage transfer.

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

43.15 Sec. 11. **REPEALER.**

43.16 Minnesota Statutes 2024, section 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h,
43.17 3i, 3j, 4a, 4b, 4c, and 6, are repealed.

43.18 Sec. 12. **EFFECTIVE DATE.**

43.19 Sections 1 to 11 are effective January 1, 2026.

43.20 **ARTICLE 6**

43.21 **HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN**

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

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

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

43.30 (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.

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

48.2 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a
48.3 relief association who has separated from active service and membership and has completed
48.4 the minimum service and membership requirements in subdivision 2. The requirement that
48.5 a member separate from active service and membership is waived for ~~persons~~ any person
48.6 ~~who have~~ has discontinued ~~their~~ volunteer firefighter and paid on-call firefighter duties and
48.7 ~~who are~~ is employed on a part-time or full-time basis under section 424A.015, subdivision
48.8 1.

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

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

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

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

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

48.31 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw
48.32 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall
48.33 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;

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

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

50.7 (8) for the payment or direct rollover under section 356.633 of a service pension to the
50.8 former spouse of a member or former member of a relief association, if the former spouse
50.9 is an alternate payee designated in a qualified domestic relations order under subdivision
50.10 5.

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

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

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

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

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

50.23 (2) all money received from fines;

50.24 (3) all money received from initiation fees;

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

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

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

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

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

51.3 Subd. 2. **Determination of accrued liability.** (a) ~~Beginning with the calculation~~
51.4 ~~performed in 2021 for the 2022 calendar year,~~ Each firefighters relief association which
51.5 pays a lump-sum service pension shall determine the accrued liability of the special fund
51.6 of the firefighters relief association relative to each active member of the relief association,
51.7 calculated using the applicable appendix to the standards for actuarial work established by
51.8 the Legislative Commission on Pensions and Retirement under section 3.85, subdivision
51.9 10.

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

51.13	Cumulative	Accrued
51.14	Year	Liability
51.15
51.16	1	\$ 60
51.17	2	124
51.18	3	190
51.19	4	260
51.20	5	334
51.21	6	410
51.22	7	492
51.23	8	576
51.24	9	666
51.25	10	760
51.26	11	858
51.27	12	962
51.28	13	1070
51.29	14	1184
51.30	15	1304
51.31	16	1428
51.32	17	1560
51.33	18	1698
51.34	19	1844
51.35	20	2000
51.36	21 and thereafter	100 additional per year

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

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

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

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

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

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

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

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

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

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

53.3 (3) The amount of the total present assets of the special fund calculated under clause (2)
53.4 must be subtracted from the amount of the total accrued liability of the special fund calculated
53.5 under clause (1). If the amount of total present assets exceeds the amount of the total accrued
53.6 liability, then the special fund is considered to have a surplus over full funding. If the amount
53.7 of the total present assets is less than the amount of the total accrued liability, then the
53.8 special fund is considered to have a deficit from full funding. If the amount of total present
53.9 assets is equal to the amount of the total accrued liability, then the special fund is considered
53.10 to be fully funded.

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

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

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

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

53.21 (4) If the special fund is fully funded, the financial requirements of the special fund for
53.22 the following calendar year are the total of the amounts calculated under clauses (2) and
53.23 (3).

53.24 (5) If the special fund has a deficit from full funding, the financial requirements of the
53.25 special fund for the following calendar year are the financial requirements of the special
53.26 fund calculated as though the special fund were fully funded under clause (4) plus an amount
53.27 equal to one-tenth of the original amount of the deficit from full funding of the special fund
53.28 as determined under clause (2) resulting either from an increase in the amount of the service
53.29 pension occurring in the last ten years or from a net annual investment loss occurring during
53.30 the last ten years until each increase in the deficit from full funding is fully retired. The
53.31 annual amortization contribution under this clause may not exceed the amount of the deficit
53.32 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~~

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

56.4 (c) The officers of the relief association shall certify the financial requirements of the
56.5 special fund of the relief association and the minimum obligation of the municipality with
56.6 respect to the special fund of the relief association as determined under subdivision 4 and
56.7 this subdivision by August 1 of each year. The certification must be made to the entity that
56.8 is responsible for satisfying the minimum obligation with respect to the special fund of the
56.9 relief association. If the responsible entity is a joint powers entity, the certification must be
56.10 made in the manner specified in the joint powers agreement, or if the joint powers agreement
56.11 is silent on this point, the certification must be made to the chair of the joint powers board.

56.12 (d) The financial requirements of the relief association and the minimum municipal
56.13 obligation must be included in the financial report or financial statement under section
56.14 424A.014.

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

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

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

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

57.1 Sec. 11. **REPEALER.**

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

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

57.4 **ARTICLE 8**

57.5 **FIREFIGHTERS RELIEF ASSOCIATIONS**

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

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

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

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

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

57.23 (1) For a defined benefit relief association that pays a monthly service pension, the
57.24 maximum monthly service pension amount per month for each year of service credited is
57.25 \$100.

57.26 (2) For a defined benefit relief association that pays a lump-sum service pension, the
57.27 maximum lump-sum service pension amount for each year of service credited is ~~\$15,000~~
57.28 \$20,000.

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

- 58.1 (1) years of active service in excess of caps on service credit; or
- 58.2 (2) years of active service earned by a former member who:
- 58.3 (i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire
- 58.4 department before becoming vested under subdivision 2; and
- 58.5 (ii) has not resumed active service with the fire department and active membership in
- 58.6 the relief association for a period as defined in the relief association's bylaws, of not less
- 58.7 than five years.

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

58.9 Sec. 2. **REPEALER.**

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

58.11 **ARTICLE 9**

58.12 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

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

58.14 Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed

58.15 by a covered employer and who satisfies any other criteria established by the board.

58.16 (b) Covered employee does not include:

58.17 (1) a person who, on December 31 of the preceding calendar year, was younger than 18

58.18 years of age;

58.19 (2) a person covered under the federal Railway Labor Act, as amended, United States

58.20 Code, title 45, sections 151 et seq.;

58.21 (3) a person on whose behalf an employer makes contributions to a Taft-Hartley

58.22 multiemployer pension trust fund; ~~or~~

58.23 (4) a person employed by the government of the United States, another country, the state

58.24 of Minnesota, another state, or any subdivision thereof; or

58.25 (5) a person employed on a temporary or seasonal basis for a limited duration, which

58.26 the employer determines at the time the person is hired will not extend beyond 180 days.

58.27 (c) A person described in paragraph (b), clause (5), may elect to have contributions

58.28 deducted from the person's paycheck for remittance to the program, but only if the employer

58.29 would otherwise be considered a covered employer.

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

59.3 Subd. 6a. **Enrollment window.** "Enrollment window" means the period established by
59.4 the board, according to a phase-in schedule approved under Laws 2023, chapter 46, section
59.5 10, subdivision 1, paragraph (b), that is applicable to each covered employer and during
59.6 which the covered employer is first required to provide information to covered employees
59.7 and enroll covered employees who do not elect to opt out of the program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

62.23 (c) The board must provide ~~covered employers with~~ written warnings to any covered
62.24 employer that fails to comply with subdivision 1 or 3 or both subdivisions 1 and 3 for the
62.25 first year two years of noncompliance before assessing. If the covered employer has not
62.26 complied with subdivision 1 or 3 during the two-year period after the date on which the
62.27 covered employer was first required to comply with subdivision 1 or 3, as applicable, the
62.28 board must assess penalties.

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

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

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

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

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

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

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

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

63.18 (c) The executive director must file with the Campaign Finance and Public Disclosure
63.19 Board an economic interest statement in a manner prescribed by section 10A.09, subdivisions
63.20 5 and 6.

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

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

63.25 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

63.26 (a) The board may enter into intergovernmental agreements with the commissioner of
63.27 revenue, the commissioner of labor and industry, the commissioner of employment and
63.28 economic development, and any other state agency that the board deems necessary or
63.29 appropriate to provide outreach, technical assistance, or compliance services. An agency
63.30 that enters into an intergovernmental agreement with the board pursuant to this section must
63.31 collaborate and cooperate with the board to provide the outreach, technical assistance, or
63.32 compliance services under any such agreement. The board, executive director, and program

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

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

64.7 (1) federal employer identification number;

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

64.9 (3) number of employees; and

64.10 (4) employer industry code.

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

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

64.14 Subdivision 1. Failure to enroll covered employees or distribute information. (a)
64.15 The board may assess penalties against a covered employer that fails to comply with section
64.16 187.07, subdivision 1 or 3 or both subdivisions 1 and 3, beginning with the second
64.17 anniversary of the date on which the covered employer was first required to comply with
64.18 section 187.07, subdivision 1 or 3, as applicable.

64.19 (b) The board may assess the following penalties for a covered employer's failure to
64.20 comply with section 187.07, subdivision 1 or 3:

64.21 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed
64.22 \$4,000;

64.23 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed
64.24 \$6,000;

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

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

64.28 (c) If the covered employer fails to comply with section 187.07, subdivisions 1 and 3,
64.29 the board must assess two times the penalties in paragraph (b).

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

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

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

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

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

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

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

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

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

65.18 Subd. 3. **Failure to remit contributions.** (a) If the executive director has reason to
65.19 believe, based on communication from a covered employee or another source, that a covered
65.20 employer has failed to comply with section 187.07, subdivision 2, by not remitting payroll
65.21 deduction contributions withheld from the paycheck of one or more covered employees
65.22 within 30 days after the deduction is withheld, the executive director must make a written
65.23 demand to the covered employer requiring the covered employer to immediately remit to
65.24 the program the withheld contributions plus interest at the annual rate specified in section
65.25 356.59, subdivision 2, for the period beginning with the tenth day after the contribution was
65.26 deducted from the covered employee's paycheck to the date the contribution is remitted to
65.27 the program.

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

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

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

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

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

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

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

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

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

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

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

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

- 67.1 (5) human rights agencies within Minnesota that have enforcement powers;
- 67.2 (6) the Department of Revenue to the extent necessary for its duties under Minnesota
67.3 laws;
- 67.4 (7) public and private agencies responsible for administering publicly financed assistance
67.5 programs for the purpose of monitoring the eligibility of the program's recipients;
- 67.6 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the
67.7 Department of Commerce for uses consistent with the administration of their duties under
67.8 Minnesota law;
- 67.9 (9) the Department of Human Services and the Office of Inspector General and its agents
67.10 within the Department of Human Services, including county fraud investigators, for
67.11 investigations related to recipient or provider fraud and employees of providers when the
67.12 provider is suspected of committing public assistance fraud;
- 67.13 (10) the Department of Human Services for the purpose of evaluating medical assistance
67.14 services and supporting program improvement;
- 67.15 (11) local and state welfare agencies for monitoring the eligibility of the data subject
67.16 for assistance programs, or for any employment or training program administered by those
67.17 agencies, whether alone, in combination with another welfare agency, or in conjunction
67.18 with the department or to monitor and evaluate the statewide Minnesota family investment
67.19 program and other cash assistance programs, the Supplemental Nutrition Assistance Program,
67.20 and the Supplemental Nutrition Assistance Program Employment and Training program by
67.21 providing data on recipients and former recipients of Supplemental Nutrition Assistance
67.22 Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
67.23 care assistance under chapter 142E, or medical programs under chapter 256B or 256L or
67.24 formerly codified under chapter 256D;
- 67.25 (12) local and state welfare agencies for the purpose of identifying employment, wages,
67.26 and other information to assist in the collection of an overpayment debt in an assistance
67.27 program;
- 67.28 (13) local, state, and federal law enforcement agencies for the purpose of ascertaining
67.29 the last known address and employment location of an individual who is the subject of a
67.30 criminal investigation;
- 67.31 (14) the United States Immigration and Customs Enforcement has access to data on
67.32 specific individuals and specific employers provided the specific individual or specific
67.33 employer is the subject of an investigation by that agency;

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

68.2 (16) the Department of Corrections for the purposes of case planning and internal research
68.3 for preprobation, probation, and postprobation employment tracking of offenders sentenced
68.4 to probation and preconfinement and postconfinement employment tracking of committed
68.5 offenders;

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

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

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

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

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

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

68.24 Sec. 17. **EFFECTIVE DATE.**

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

ARTICLE 10**PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES; CORRECTION OF ERRORS**

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

Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive director shall determine the funding requirements of each monthly benefit account in the statewide volunteer firefighter plan on or before August 1.

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

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

(2) the standards for actuarial work, utilizing a six percent investment return actuarial assumption ~~and~~, 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 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.

EFFECTIVE DATE. This section is effective beginning with actuarial valuations on or after July 1, 2025.

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

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

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

(c) "Approved actuary" means:

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

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

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 424A.093, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present

71.1 value not provided for at the valuation date by the actuarial present value of future normal
71.2 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
71.3 the sum of the calculated result for each covered individual and with recognition given to
71.4 any different benefit formulas which may apply to various periods of service.

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

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

71.9 (1) 20 percent of the difference between the actual net change in the market value of
71.10 total assets between the June 30 that occurred three years earlier and the June 30 that occurred
71.11 four years earlier and the computed increase in the market value of total assets over that
71.12 fiscal year period if the assets had earned a rate of return on assets equal to the annual
71.13 percentage investment return assumption used in the actuarial valuation for the July 1 that
71.14 occurred four years earlier;

71.15 (2) 40 percent of the difference between the actual net change in the market value of
71.16 total assets between the June 30 that occurred two years earlier and the June 30 that occurred
71.17 three years earlier and the computed increase in the market value of total assets over that
71.18 fiscal year period if the assets had earned a rate of return on assets equal to the annual
71.19 percentage investment return assumption used in the actuarial valuation for the July 1 that
71.20 occurred three years earlier;

71.21 (3) 60 percent of the difference between the actual net change in the market value of
71.22 total assets between the June 30 that occurred one year earlier and the June 30 that occurred
71.23 two years earlier and the computed increase in the market value of total assets over that
71.24 fiscal year period if the assets had earned a rate of return on assets equal to the annual
71.25 percentage investment return assumption used in the actuarial valuation for the July 1 that
71.26 occurred two years earlier; and

71.27 (4) 80 percent of the difference between the actual net change in the market value of
71.28 total assets between the most recent June 30 and the June 30 that occurred one year earlier
71.29 and the computed increase in the market value of total assets over that fiscal year period if
71.30 the assets had earned a rate of return on assets equal to the annual percentage investment
71.31 return assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

71.32 (g) "Unfunded actuarial accrued liability" means the total current and expected future
71.33 benefit obligations, reduced by the sum of the actuarial value of assets and the present value
71.34 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 effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.~~

(h) "Standards for actuarial work" means the document required under section 3.85, subdivision 10, to be adopted by the Legislative Commission on Pensions and Retirement as so adopted and amended from time to time.

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

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

Subd. 4. **Actuarial valuation; contents.** (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the ~~most recent~~ standards for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions 5 to 15.

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

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

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following investment return assumption:

plan	investment return assumption
general state employees retirement plan	7%
correctional state employees retirement plan	7
State Patrol retirement plan	7
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	7
general public employees retirement plan	7
public employees police and fire retirement plan	7

73.1	local government correctional service retirement	7
73.2	plan	
73.3	teachers retirement plan	7
73.4	St. Paul teachers retirement plan	7
73.5	Bloomington Fire Department Relief Association	6
73.6	local monthly benefit volunteer firefighter relief	5
73.7	associations	
73.8	monthly benefit retirement plans in the statewide	6
73.9	volunteer firefighter retirement plan	

73.10 (b) The actuarial valuation for each of the covered retirement plans listed in section
 73.11 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
 73.12 into account the postretirement adjustment rate or rates applicable to the plan as specified
 73.13 in section 354A.29, subdivision 7, or 356.415, whichever applies.

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

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

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

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

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

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

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

73.28 Subd. 11. **Amortization contributions.** (a) ~~In addition to the exhibit indicating the level~~
 73.29 ~~normal cost,~~ The actuarial valuation of the retirement each pension plan listed in subdivision
 73.30 8, paragraph (a), other than the legislators retirement plan, the Bloomington Fire Department
 73.31 Relief Association, and the local monthly benefit volunteer firefighter relief associations,
 73.32 must contain an exhibit ~~for financial reporting purposes~~ indicating the additional annual
 73.33 contribution sufficient to amortize on a level percent of payroll basis the unfunded actuarial
 73.34 accrued liability ~~and must contain an exhibit indicating the additional contribution sufficient~~

~~to amortize the unfunded actuarial accrued liability. For the retirement plans listed in 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; and

(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.

~~(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 items of increase or decrease, produce a net increase in the unfunded actuarial accrued~~

75.1 ~~liability in the fund, the established date for full funding must be determined using the~~
75.2 ~~following procedure:~~

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

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

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

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

75.20 ~~(v) the level annual dollar or level percentage amortization contribution under item (iv)~~
75.21 ~~must be added to the level annual dollar amortization contribution or level percentage~~
75.22 ~~calculated under item (ii);~~

75.23 ~~(vi) the period in which the unfunded actuarial accrued liability amount determined in~~
75.24 ~~item (iii) is amortized by the total level annual dollar or level percentage amortization~~
75.25 ~~contribution computed under item (v) must be calculated using the investment return~~
75.26 ~~assumption specified in subdivision 8 in effect after any applicable change, rounded to the~~
75.27 ~~nearest integral number of years, but not to exceed 30 years from the end of the plan year~~
75.28 ~~in which the determination of the established date for full funding using the procedure set~~
75.29 ~~forth in this clause is made and not to be less than the period of years beginning in the plan~~
75.30 ~~year in which the determination of the established date for full funding using the procedure~~
75.31 ~~set forth in this clause is made and ending by the date for full funding in effect before the~~
75.32 ~~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

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

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

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

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

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

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

77.19 (1) make distributions;

77.20 (2) transfer assets;

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

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

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

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

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

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

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

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

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

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

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

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

78.14 **ARTICLE 11**

78.15 **WORK GROUP ON PENSION PLANS FOR PROBATION OFFICERS AND 911** 78.16 **TELECOMMUNICATORS**

78.17 Section 1. **WORK GROUP ON CREATING PENSION PLANS FOR PROBATION**
78.18 **OFFICERS AND 911 TELECOMMUNICATORS.**

78.19 Subdivision 1. **Work group established.** The executive director of the Legislative
78.20 Commission on Pensions and Retirement (commission executive director) must convene a
78.21 work group for the purpose of recommending a pension plan to be administered by the
78.22 Minnesota State Retirement System (MSRS) for probation officers and 911
78.23 telecommunicators who are state employees, as defined in Minnesota Statutes, section
78.24 352.01, subdivision 2, and a pension plan to be administered by the Public Employees
78.25 Retirement Association (PERA) for probation officers and 911 telecommunicators who are
78.26 public employees, as defined in Minnesota Statutes, section 353.01, subdivision 2.

78.27 Subd. 2. **Membership.** (a) The members of the work group are the following:

78.28 (1) the executive director of PERA, or the executive director's designee, and a second
78.29 member of the PERA staff designated by the executive director;

78.30 (2) the executive director of MSRS, or the executive director's designee, and a second
78.31 member of the MSRS staff designated by the executive director;

78.32 (3) the commissioner of corrections or the commissioner's designee;

- 79.1 (4) the commissioner of public safety or the commissioner's designee;
- 79.2 (5) a representative from the Minnesota Association of County Probation Officers;
- 79.3 (6) a representative from the Minnesota Corrections Association;
- 79.4 (7) a representative from the Minnesota Association of Professional Employees;
- 79.5 (8) a representative from the International Brotherhood of Teamsters Local 320;
- 79.6 (9) a representative from the American Federation of State, County and Municipal
- 79.7 Employees Council 5;
- 79.8 (10) two representatives from the Association of Minnesota Counties;
- 79.9 (11) a representative from the League of Minnesota Cities;
- 79.10 (12) a representative from the Minnesota Inter-County Association;
- 79.11 (13) a representative from the Minnesota Association of Public Safety Communications
- 79.12 Officials or the National Emergency Number Association of Minnesota;
- 79.13 (14) a representative from the Law Enforcement Labor Services;
- 79.14 (15) a representative from the Minnesota Association of Community Corrections Act
- 79.15 Counties;
- 79.16 (16) a representative from the Minnesota Professional Fire Fighters Association; and
- 79.17 (17) a representative from the Minnesota Police and Peace Officers Association.
- 79.18 (b) The commission executive director may invite others, including the commission's
- 79.19 actuary, to participate in one or more meetings of the work group.
- 79.20 (c) The organizations specified in paragraph (a) must provide the commission executive
- 79.21 director with the names and contact information for the representatives who will serve on
- 79.22 the work group by June 14, 2025.
- 79.23 Subd. 3. **Mandate.** (a) In arriving at the work group's recommendations, the work group
- 79.24 must determine:
- 79.25 (1) the features of each pension plan, including but not limited to:
- 79.26 (i) employee and employer contribution rates;
- 79.27 (ii) vesting requirements;
- 79.28 (iii) the benefit formula;
- 79.29 (iv) normal and early retirement ages;

- 80.1 (v) disability benefits;
- 80.2 (vi) postretirement adjustments;
- 80.3 (vii) the extent to which past service will be credited and paid for; and
- 80.4 (viii) definitions for "probation officer" and "911 telecommunicator";
- 80.5 (2) whether the new plans will be entirely new pension plans or whether the new plans
- 80.6 will be component pension plans similar to the special coverage for state fire marshals under
- 80.7 Minnesota Statutes, section 352.87; and
- 80.8 (3) the options that are available or could be made available for providing health care
- 80.9 to employees who take early retirement under the new pension plans.
- 80.10 (b) The work group must also consider:
- 80.11 (1) the study prepared by PERA that estimates the costs and benefits for a pension plan
- 80.12 for probation officers, 911 telecommunicators, and any other public safety adjacent
- 80.13 employees;
- 80.14 (2) the financial impact resulting from the potential cessation of benefit accruals and
- 80.15 contributions for members that transfer from the MSRS general state employees retirement
- 80.16 plan or the PERA general employees retirement plan to the new pension plan;
- 80.17 (3) options for members to purchase credit for past service, including methods for
- 80.18 purchasing credit for past service and possible sources of funding for making purchases,
- 80.19 whether from employee or employer contributions or the state;
- 80.20 (4) how contributions used to prefund benefit improvements can be made before the
- 80.21 new pension plans are operational;
- 80.22 (5) any other public safety adjacent positions, including forensic scientists, that should
- 80.23 be included in the new pension plans and how those positions should be defined;
- 80.24 (6) the balance of employee and employer contributions, including the interest in funding
- 80.25 pension benefit improvements with increased employee contributions; and
- 80.26 (7) A bill styled as 2025 H.F. No. 1779/S.F. No. 1986, also referred to as revisor number
- 80.27 25-02845, or its equivalent, passed/introduced in the 2025 regular session or special session,
- 80.28 including the testimony on the bill at the meetings of the Legislative Commission on Pensions
- 80.29 and Retirement.
- 80.30 Subd. 4. **Proposed legislation.** With the assistance of the commission executive director,
- 80.31 the work group must prepare proposed legislation that implements the recommendations

81.1 of the work group under subdivision 3. If the work group recommends more than one
81.2 approach to improving pension benefits, the work group must provide alternative bills.
81.3 Recommended legislation must require MSRS and PERA to have any new plan or component
81.4 plan operational by January 1, 2027.

81.5 Subd. 5. **Due date for submitting recommendations to the commission.** The chair of
81.6 the work group must submit the recommendations of the work group, along with proposed
81.7 legislation that implements the recommendations, to the chair and executive director of the
81.8 Legislative Commission on Pensions and Retirement by January 31, 2026.

81.9 Subd. 6. **Meetings; chair; administrative support.** (a) The commission executive
81.10 director must convene the first meeting of the work group by August 1, 2025.

81.11 (b) The members of the work group must elect a chair at the first meeting.

81.12 (c) Meetings may be conducted remotely or in person or a combination of remotely and
81.13 in person.

81.14 (d) Commission staff must provide meeting space, if needed, and administrative support
81.15 to the chair of the work group.

81.16 Subd. 7. **Compensation; lobbying; retaliation.** (a) Members of the work group serve
81.17 without compensation.

81.18 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter
81.19 10A.

81.20 (c) An individual's employer or an organization or association of which an individual
81.21 is a member must not retaliate against the individual because of the individual's participation
81.22 in the work group.

81.23 Subd. 8. **Expiration.** The work group expires June 30, 2027.

81.24 **ARTICLE 12**

81.25 **LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT**

81.26 Section 1. Minnesota Statutes 2024, section 3.85, subdivision 2, is amended to read:

81.27 Subd. 2. **Powers.** The commission shall make a continuing study and investigation of
81.28 retirement benefit plans applicable to nonfederal government employees in this state. The
81.29 powers and duties of the commission include, but are not limited to the following:

81.30 (a) studying retirement benefit plans applicable to nonfederal government employees
81.31 in Minnesota, including federal plans available to the employees;

82.1 (b) making recommendations within the scope of its study, including attention to financing
82.2 of the various pension funds and financing of accrued liabilities;

82.3 (c) considering all aspects of pension planning and operation and making
82.4 recommendations designed to establish and maintain sound pension policy for all funds;

82.5 (d) analyzing ~~each item of~~ proposed pension and retirement legislation, including
82.6 amendments to ~~each~~, with particular reference to analysis of ~~their~~ the legislation's cost,
82.7 actuarial soundness, and adherence to sound pension policy, ~~and reporting its findings to~~
82.8 ~~the legislature~~;

82.9 (e) creating and maintaining a library for reference concerning pension and retirement
82.10 matters, including information about laws and systems in other states; and

82.11 (f) studying, analyzing, and preparing reports in regard to subjects certified to the
82.12 commission for study.

82.13 Sec. 2. Minnesota Statutes 2024, section 3.85, subdivision 3, is amended to read:

82.14 Subd. 3. **Membership.** The commission consists of seven members of the senate
82.15 appointed by the Subcommittee on Committees of the Committee on Rules and
82.16 Administration and seven members of the house of representatives appointed by the speaker.
82.17 No more than five members from each chamber may be from the majority caucus in that
82.18 chamber. Members shall be appointed at the commencement of each regular session of the
82.19 legislature for a two-year term beginning January 16 of the first year of the regular session.
82.20 ~~Members continue~~ A member continues to serve until ~~their successors are appointed the~~
82.21 earlier of the appointment of the member's successor or the end of the member's legislative
82.22 term of office. Vacancies that occur while the legislature is in session shall be filled like
82.23 regular appointments. If the legislature is not in session, senate vacancies shall be filled by
82.24 the last Subcommittee on Committees of the senate Committee on Rules and Administration
82.25 or other appointing authority designated by the senate rules, and house of representatives
82.26 vacancies shall be filled by the last speaker of the house, or if the speaker is not available,
82.27 by the last chair of the house of representatives Rules Committee.

82.28 Sec. 3. Minnesota Statutes 2024, section 3.85, subdivision 10, is amended to read:

82.29 Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall
82.30 adopt standards prescribing ~~specific detailed~~ methods to calculate, evaluate, and display
82.31 current and ~~proposed law~~ projected liabilities, costs, and actuarial equivalents of ~~all~~ covered
82.32 public employee pension plans in Minnesota under section 356.20, subdivision 2, that are

83.1 defined benefit plans. These standards ~~shall~~ must be consistent with chapter 356 and be
83.2 updated ~~annually~~ periodically. At a minimum, the standards ~~shall~~ must contain requirements
83.3 that comply with ~~generally accepted accounting principles~~ actuarial standards of practice
83.4 applicable to government pension plans. ~~The standards may include additional financial,~~
83.5 ~~funding, or valuation requirements that are not required under generally accepted accounting~~
83.6 ~~principles applicable to government pension plans.~~

83.7 Sec. 4. EFFECTIVE DATE.

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

83.9 ARTICLE 13

83.10 STATEWIDE VOLUNTEER FIREFIGHTER PLAN

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

83.12 Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive
83.13 director shall determine the funding requirements of each ~~monthly benefit~~ fire department
83.14 ~~account in the statewide volunteer firefighter~~ monthly division of the defined benefit plan
83.15 on or before August 1.

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

83.18 (1) the most recent actuarial valuation normal cost, administrative expense, including
83.19 the cost of a regular actuarial valuation, and amortization results for the account determined
83.20 by the approved actuary retained by the retirement association under sections 356.215 and
83.21 356.216; and

83.22 (2) the standards for actuarial work, utilizing a six percent investment return actuarial
83.23 assumption and other actuarial assumptions approved under section 356.215, subdivision
83.24 18:

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

83.27 (ii) with that portion of any unfunded actuarial accrued liability attributable to an
83.28 assumption change or an actuarial method change to be amortized over a period of 20 years
83.29 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 benefit level in effect as of the date the member terminated firefighting services for the fire department of a participating employer.

(b) Except as provided under section 353G.09, subdivision 4:

(1) the benefit level for a member of the lump-sum division is the benefit level selected under section 353G.05, subdivision 1d, by the member's relief association or, if applicable, the municipality or firefighting corporation that employs the member or the benefit level as modified under subdivision 2, whichever is in effect as of the date the member terminated firefighting services; or

85.1 (2) the benefit level for a member of the monthly division is the benefit level under the
 85.2 retirement benefit plan document applicable to the member's former relief association or
 85.3 the benefit level under the retirement benefit plan document as modified under subdivision
 85.4 2a, whichever is in effect as of the date the member terminated firefighting services.

85.5 Sec. 3. Minnesota Statutes 2024, section 353G.11, subdivision 2, is amended to read:

85.6 Subd. 2. **Benefit level changes in the lump-sum division of defined benefit plan.** (a)
 85.7 A fire department's fire chief or the governing body operating a fire department may request
 85.8 an increase in the benefit level as provided in this subdivision.

85.9 (b) The fire chief or governing body must request a cost estimate from the executive
 85.10 director of an increase in the ~~service pension~~ benefit level applicable to the active firefighters
 85.11 of the fire department.

85.12 (c) The executive director must prepare the cost estimate using a procedure certified as
 85.13 accurate by the approved actuary retained by the association.

85.14 (d) Within 120 days after receiving the cost estimate from the executive director, the
 85.15 governing body may approve the benefit level change, effective for January 1 of the following
 85.16 calendar year unless the governing body specifies in the approval document an effective
 85.17 date that is January 1 of the second year following the approval date. If the approval occurs
 85.18 after April 30, the required municipal contribution for the following calendar year must be
 85.19 recalculated and the results reported to the governing body. If not approved within 120 days
 85.20 of the receipt of the cost estimate, the benefit level change is considered to have been
 85.21 disapproved.

85.22 Sec. 4. Minnesota Statutes 2024, section 353G.11, subdivision 2a, is amended to read:

85.23 Subd. 2a. **~~Procedure for changing~~ Benefit level changes in the monthly division.** (a)
 85.24 ~~The~~ A fire department's fire chief of a fire department or the governing body operating a
 85.25 fire department that has an active membership that is covered by the monthly benefit
 85.26 retirement division of the plan may initiate the process of modifying request an increase in
 85.27 the benefit level provided in the retirement benefit plan document under this section
 85.28 subdivision.

85.29 (b) The modification procedure is initiated when the ~~applicable~~ fire chief or governing
 85.30 body files with the executive director of the ~~association~~ a written summary of the desired
 85.31 ~~benefit plan document~~ modification, the proposed ~~benefit plan document~~ modification
 85.32 language, a written request for the preparation of an actuarial cost estimate for the proposed

86.1 ~~benefit plan document~~ modification, and payment of the estimated cost of the actuarial cost
86.2 estimate.

86.3 (c) Upon receipt of the modification request and related documents, the executive director
86.4 ~~shall~~ must review the language of the proposed ~~benefit plan document~~ modification and, if
86.5 a clarification is needed in the submitted language, ~~shall~~ inform the fire chief or governing
86.6 body of the necessary clarification. ~~Once~~ After the ~~proposed benefit plan document~~
86.7 ~~modification language~~ fire chief or governing body has ~~been clarified by the fire chief and~~
86.8 ~~resubmitted~~ submitted the clarified language to the executive director, the executive director
86.9 ~~shall arrange for the approved actuary retained by the association to prepare a benefit plan~~
86.10 ~~document modification cost estimate under the applicable provisions of section 356.215~~
86.11 ~~and of the standards for actuarial work adopted by the Legislative Commission on Pensions~~
86.12 ~~and Retirement~~ must prepare the cost estimate using a procedure certified as accurate by
86.13 the approved actuary retained by the association. Upon completion of the ~~benefit plan~~
86.14 ~~document modification~~ cost estimate, the executive director ~~shall~~ must forward the estimate
86.15 to the fire chief ~~who requested it~~ and to the chief financial officer of the municipality or
86.16 entity with which the fire department is primarily associated.

86.17 (d) The fire chief, upon receipt of the cost estimate, ~~shall circulate~~ must distribute the
86.18 cost estimate ~~with~~ to the active firefighters in the fire department and ~~shall~~ take reasonable
86.19 steps to provide the cost estimate ~~results~~ to any affected retired members of the fire
86.20 department and their beneficiaries. The chief financial officer of the municipality or entity
86.21 associated with the fire department ~~shall~~ must present the proposed modification language
86.22 and the cost estimate to the governing body of the municipality or entity for its consideration
86.23 at a public hearing held for that purpose.

86.24 (e) If the governing body of the municipality or entity approves the modification language,
86.25 the chief administrative officer of the municipality or entity ~~shall~~ must notify the executive
86.26 director ~~of the association~~ of that approval. The ~~benefit plan document~~ modification is
86.27 effective on ~~the~~ January 1 following the date of filing the approval with the association.

86.28 Sec. 5. Minnesota Statutes 2024, section 353G.17, subdivision 4, is amended to read:

86.29 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under
86.30 subdivisions 1 to 3, the plan shall transfer to the relief association as of the effective date
86.31 identified in the notice under subdivision 1, the records, assets, and liabilities related to the
86.32 former and current firefighters with benefits under the plan, along with any assets in excess
86.33 of liabilities ~~credited to the lump-sum account or the monthly benefit retirement account~~
86.34 ~~attributable to the firefighters and the municipality.~~

87.1 (b) The executive director:

87.2 (1) ~~shall~~ must transfer the assets in cash;

87.3 (2) ~~shall~~ must transfer any accounts receivable associated with the lump-sum account
87.4 ~~or monthly benefit retirement account~~;

87.5 (3) ~~shall~~ must settle any accounts payable ~~from the account~~ before the transfer; and

87.6 (4) may deduct from the assets to be transferred reasonable costs incurred by the plan
87.7 to conduct the voting process and complete the transfer.

87.8 Sec. 6. Minnesota Statutes 2024, section 353G.17, subdivision 5, is amended to read:

87.9 Subd. 5. **Relief association obligations and rights upon transfer from the plan.** (a)

87.10 Upon transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~ fire
87.11 department account, the pension liabilities attributable to the benefits for the former and
87.12 current firefighters ~~shall~~ become the obligation of the special fund of the relief association.

87.13 (b) Upon the transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~
87.14 fire department account, the board of trustees of the relief association has legal title to and
87.15 management responsibility for the transferred assets as trustees for persons having a beneficial
87.16 interest in those assets arising out of the benefit coverage provided by the account.

87.17 (c) The relief association is the successor in interest with respect to all claims against
87.18 the plan relating to the transferred ~~lump-sum account or monthly benefit retirement~~ fire
87.19 department account, except for claims alleging any act or acts by the plan or its fiduciaries
87.20 that were not done in good faith or that constituted a breach of fiduciary responsibility under
87.21 chapter 356A.

87.22 (d) The value of each volunteer firefighter's benefit in the plan on the day before the
87.23 asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day
87.24 after the asset transfer. The relief association shall give credit, with respect to each firefighter
87.25 whose benefit is being transferred, for all past service, including service credit with the plan
87.26 and with any predecessor relief association, to the extent credit is given for such service in
87.27 the records of the plan for that firefighter.

87.28 (e) Upon completion of the transfer of records, assets, and liabilities, the executive
87.29 director shall provide written notice to the state auditor, the commissioner of revenue, and
87.30 the secretary of state that the transfer is complete.

88.1 Sec. 7. Minnesota Statutes 2024, section 353G.19, subdivision 1, is amended to read:

88.2 Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated
88.3 with a fire department covered by the defined benefit plan, including an entity previously
88.4 affiliated with a defined benefit relief association when the entity made a request for coverage
88.5 by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may
88.6 convert to coverage by the defined contribution plan in accordance with this section.

88.7 (b) Conversion from coverage by the defined benefit plan to coverage by the defined
88.8 contribution plan consists of:

88.9 (1) a resolution by the governing body of the participating employer;

88.10 (2) notice to all former and active volunteer firefighters of the fire department;

88.11 (3) full vesting on the conversion effective date of all active and former volunteer
88.12 firefighters with an accrued benefit in the defined benefit plan attributable to service with
88.13 the fire department, to the extent funded as of the conversion effective date; and

88.14 (4) allocation of surplus over full funding, if any, to individual accounts in the fire
88.15 department's new account in the defined contribution plan.

88.16 (c) For an entity previously affiliated with a defined benefit relief association when the
88.17 entity made a request for coverage by the defined contribution plan under section 353G.05,
88.18 subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately
88.19 after coverage by the retirement plan of the entity's fire department and the entity's volunteer
88.20 firefighters takes effect.

88.21 Sec. 8. Minnesota Statutes 2024, section 353G.19, subdivision 2, is amended to read:

88.22 Subd. 2. **Resolutions by the governing body.** To initiate a conversion, the governing
88.23 body of the participating employer must file with the executive director at least 30 days
88.24 before the end of a calendar year:

88.25 (1) a resolution that states that the fire department elects to participate in the defined
88.26 contribution plan effective on the conversion effective date, which is the first day of the
88.27 next calendar year; and

88.28 (2) if, as of the valuation immediately preceding the conversion effective date, the fire
88.29 department account had a deficit from full funding as defined under section 353G.08,
88.30 subdivision 1, paragraph (c), or the special fund of the defined benefit relief association had
88.31 a deficit from full funding as defined in section 424A.092, subdivision 3, paragraph (b), a
88.32 resolution approving a contribution to the retirement plan in the amount necessary to

89.1 eliminate the deficit, which is to be paid within 30 days of the filing of the resolution or in
89.2 installments over three years, with the first payment to be made within 30 days of the filing
89.3 of the resolution.

89.4 Sec. 9. Minnesota Statutes 2024, section 353G.19, subdivision 3, is amended to read:

89.5 Subd. 3. **Notice to participants.** The participating employer must provide notice to all
89.6 active and former volunteer firefighters in the fire department at least 30 days before the
89.7 conversion effective date. The notice must include:

89.8 (1) an explanation that the plan is converting from a defined benefit plan to a defined
89.9 contribution plan, including definitions of those terms, on the conversion effective date and
89.10 that the active and former volunteer firefighters will become ~~fully~~ vested in their accrued
89.11 benefit to the extent funded as of the conversion effective date;

89.12 (2) a summary of the terms of the defined contribution plan;

89.13 (3) a section tailored to each volunteer firefighter that provides an estimate of the present
89.14 value of the participant's ~~fully~~ vested accrued benefit and the calculation that resulted in
89.15 that value;

89.16 (4) an estimate of any anticipated surplus and an explanation of the allocation of the
89.17 surplus; and

89.18 (5) contact information for the chief administrative officer or chief financial officer of
89.19 the participating employer and the designated staff member of the retirement plan who will
89.20 answer questions and directions to a website.

89.21 Sec. 10. Minnesota Statutes 2024, section 353G.19, subdivision 4, is amended to read:

89.22 Subd. 4. **Full vesting and determination of accrued benefit.** (a) On the conversion
89.23 effective date, each active or former volunteer firefighter with a retirement benefit under
89.24 the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit,
89.25 becomes 100 percent vested or, if the defined benefit plan does not have sufficient assets
89.26 to fund 100 percent vesting, as close to 100 percent vested as the funding permits, as of the
89.27 conversion effective date in the firefighter's retirement benefit, without regard to the number
89.28 of years of vesting service credit.

89.29 (b) The executive director must determine the present value of each active or former
89.30 firefighter's accrued benefit as of the conversion effective date, taking into account the full
89.31 vesting requirement under paragraph (a).

90.1 Sec. 11. Minnesota Statutes 2024, section 353G.19, subdivision 5, is amended to read:

90.2 Subd. 5. **Surplus over full funding.** If the fire department account has a surplus over
90.3 full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive
90.4 director must allocate the surplus over full funding to the individual account of each active
90.5 ~~and former~~ volunteer firefighter, ~~except any former volunteer firefighter receiving an annuity,~~
90.6 in the same proportion that the volunteer firefighter's accrued benefit bears to the total
90.7 accrued benefits of all active ~~and former~~ volunteer firefighters.

90.8 Sec. 12. **EFFECTIVE DATE.**

90.9 Sections 1 to 11 are effective the day following final enactment.

90.10 **ARTICLE 14**

90.11 **IRAP TO TRA TRANSFERS**

90.12 Section 1. Minnesota Statutes 2024, section 354B.215, subdivision 3, is amended to read:

90.13 Subd. 3. **Eligible person.** (a) An eligible person is a person who:

90.14 (1) is employed by Minnesota State;

90.15 (2) has an account in the individual retirement account plan; ~~and~~

90.16 (3) ~~satisfies~~ was previously eligible to elect coverage by the Teachers Retirement
90.17 Association under one or more sections of chapter 354B or any prior version of chapter
90.18 354B; and

90.19 (4) is not disqualified because Minnesota State produces one or more of the items listed
90.20 in paragraph (b).

90.21 (b) A person ~~satisfies this paragraph~~ is not an eligible person if Minnesota State ~~is not~~
90.22 ~~able to produce~~ produces at least one of the following items by the end of the ~~60-day~~ 75-day
90.23 period under subdivision 4, paragraph (b):

90.24 (1) a record indicating that the person received notice regarding the person's eligibility
90.25 to elect ~~prospective~~ coverage by the Teachers Retirement Association ~~within the election~~
90.26 ~~period under section 354B.211, subdivision 4 or 6, or its predecessor~~ during the person's
90.27 first year of eligibility to participate in the individual retirement account plan;

90.28 (2) a record indicating that the person received notice regarding the person's eligibility
90.29 to elect coverage by the Teachers Retirement Association during the person's first year after
90.30 attaining tenure or comparable permanent status;

91.1 ~~(2)~~ (3) a record that the person elected retirement coverage by the individual retirement
91.2 account plan; or

91.3 ~~(3)~~ (4) other credible documentation demonstrating that the person was aware of the
91.4 person's right to elect retirement coverage by the Teachers Retirement Association.

91.5 (c) The record described in paragraph (b), clause (1), is not effective to disqualify a
91.6 person if the person was eligible to elect coverage by the Teachers Retirement Association
91.7 during the person's first year after attaining tenure or comparable permanent status.

91.8 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

91.9 Sec. 2. Minnesota Statutes 2024, section 354B.215, subdivision 4, is amended to read:

91.10 Subd. 4. **Eligible person application; information required from Minnesota State.** (a)
91.11 To elect coverage by the Teachers Retirement Association, an eligible person must submit
91.12 a written application to the chancellor on a form provided by Minnesota State. The application
91.13 must include:

91.14 (1) an attestation that the person was not informed of the right to elect a transfer from
91.15 the individual retirement account plan to the Teachers Retirement Association and the person
91.16 was unaware of the right to elect such a transfer;

91.17 (2) the date on which the person first became a participant in the individual retirement
91.18 account plan;

91.19 (3) a signed release authorizing Minnesota State to provide employment and other
91.20 personnel information to the Teachers Retirement Association; and

91.21 (4) any other information that Minnesota State may require.

91.22 (b) No later than ~~60~~ 75 days after receipt of the application under paragraph (a), Minnesota
91.23 State must verify the information provided by the person in the application, determine
91.24 whether the person is an eligible person under subdivision 3, and provide a written response
91.25 to the person regarding the determination of eligibility. If Minnesota State determines that
91.26 the person is not an eligible person, Minnesota State must specify the reason or reasons for
91.27 its determination and, if applicable, include a copy of any documentation identified in
91.28 subdivision 3, paragraph (b), in its written response to the person.

91.29 (c) If Minnesota State determines that the person is an eligible person under subdivision
91.30 3, Minnesota State must forward to the executive director:

91.31 (1) the application;

92.1 (2) confirmation or modification of the information provided by the eligible person in
92.2 the application;

92.3 (3) salary history for the eligible person;

92.4 (4) an estimate of the amount available for transfer from the eligible person's account
92.5 in the individual retirement account plan to the Teachers Retirement Association; and

92.6 (5) any other relevant information.

92.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

92.8 **ARTICLE 15**

92.9 **FIRE AND POLICE STATE AID**

92.10 Section 1. Minnesota Statutes 2024, section 423A.022, subdivision 2, is amended to read:

92.11 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

92.12 (1) 58.064 percent must be paid to the executive director of the Public Employees
92.13 Retirement Association for deposit in the public employees police and fire retirement fund
92.14 established by section 353.65, subdivision 1;

92.15 (2) 35.484 percent must be paid to municipalities other than municipalities solely
92.16 employing firefighters with retirement coverage provided by ~~the public employees police~~
92.17 ~~and fire retirement plan which~~ one or more pension plans established under chapter 353, if
92.18 the municipality qualified to receive fire state aid in that calendar year, allocated in the same
92.19 proportion to that the most recent amount of fire state aid paid under section 477B.04, for
92.20 the municipality bears to the most recent total fire state aid paid under section 477B.04 for
92.21 all municipalities other than the municipalities solely employing firefighters with retirement
92.22 coverage provided by ~~the Public Employees police and fire Retirement plan paid under~~
92.23 ~~section 477B.04, with the allocated amount for fire departments participating in the statewide~~
92.24 ~~lump-sum volunteer firefighter plan paid to the executive director of the Public Employees~~
92.25 ~~Retirement Association for deposit in the fund established by section 353G.02, subdivision~~
92.26 ~~3, and credited to the respective account and with the balance paid to the treasurer of each~~
92.27 ~~municipality for transmittal within 30 days of receipt to the treasurer of the applicable~~
92.28 ~~firefighters relief association for deposit in its special fund~~ one or more pension plans
92.29 established under chapter 353; and

92.30 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement
92.31 System for deposit in the state patrol retirement fund.

93.1 (b) The allocated amount under paragraph (a), clause (2), must be paid: (i) to the executive
 93.2 director of the Public Employees Retirement Association for each fire department
 93.3 participating in the statewide volunteer firefighter plan for deposit in the fund established
 93.4 by section 352G.02, subdivision 3, and credited to the fire department's account; and (ii)
 93.5 with the balance to the treasurer of each municipality for transmittal within 30 days of
 93.6 receipt to the treasurer of the applicable firefighters relief association for deposit in its
 93.7 special fund.

93.8 ~~(b)~~ (c) For purposes of this section, the term "municipalities" includes independent
 93.9 nonprofit firefighting corporations that participate in the statewide ~~lump-sum~~ volunteer
 93.10 firefighter plan under chapter 353G or with subsidiary ~~volunteer~~ firefighter relief associations
 93.11 operating under chapter 424A.

93.12 Sec. 2. Minnesota Statutes 2024, section 423A.022, subdivision 3, is amended to read:

93.13 Subd. 3. **Reporting.** On or before September 1, annually, the executive director of the
 93.14 Public Employees Retirement Association shall report to the commissioner of revenue the
 93.15 following:

93.16 (1) the municipalities ~~which~~ that employ firefighters with retirement coverage by the
 93.17 public employees police and fire retirement plan;

93.18 (2) the municipalities that employ firefighters with retirement coverage by the general
 93.19 employees retirement plan;

93.20 ~~(2)~~ (3) the fire departments covered by the statewide ~~lump-sum~~ volunteer firefighter
 93.21 plan; and

93.22 ~~(3)~~ (4) any other information requested by the commissioner to administer the police
 93.23 and firefighter retirement supplemental state aid program.

93.24 Sec. 3. Minnesota Statutes 2024, section 424A.014, subdivision 5, is amended to read:

93.25 Subd. 5. **Report by certain municipalities; exceptions.** (a) The chief administrative
 93.26 officer of each municipality that has a fire department but does not have a relief association
 93.27 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section
 93.28 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed
 93.29 financial report of the receipts and disbursements by the municipality for fire protection
 93.30 service during the preceding calendar year on a form prescribed by the state auditor. The
 93.31 financial report must contain any information that the state auditor deems necessary to
 93.32 disclose the sources of receipts and the purpose of disbursements for fire protection service.

94.1 The financial report must be signed by the municipal clerk or clerk-treasurer with the state
94.2 auditor on or before July 1 annually. The municipality does not qualify initially to receive,
94.3 and is not entitled subsequently to retain, any fire state aid and police and firefighter
94.4 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the
94.5 financial reporting requirement or the applicable requirements of any other statute or special
94.6 law have not been complied with or are not fulfilled.

94.7 (b) Each municipality that has a fire department and provides retirement coverage to its
94.8 firefighters through the statewide volunteer firefighter plan under chapter 353G qualifies
94.9 to have fire state aid transmitted to and retained in the statewide volunteer firefighter
94.10 retirement fund without filing a detailed financial report if the executive director of the
94.11 Public Employees Retirement Association certifies compliance by the municipality with
94.12 the requirements of sections 353G.04 and 353G.08, subdivision 1, paragraph (e), and certifies
94.13 compliance by the applicable fire chief with the requirements of section 353G.07.

94.14 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing
94.15 a financial report under paragraph (a) if the municipality:

94.16 (1) has a fire department;

94.17 (2) does not have a firefighters relief association directly associated with its fire
94.18 department;

94.19 (3) does not participate in the statewide volunteer firefighter retirement plan under
94.20 chapter 353G;

94.21 (4) provides retirement coverage to its firefighters through the general employees
94.22 retirement plan under chapter 353 or the public employees police and fire retirement plan
94.23 under sections 353.63 to 353.68; and

94.24 (5) is certified by the executive director of the Public Employees Retirement Association
94.25 to the state auditor to have had an employer contribution under section 353.27, subdivisions
94.26 3 and 3a, or 353.65, subdivision 3, for its firefighters for the immediately prior calendar
94.27 year equal to or greater than its fire state aid for the immediately prior calendar year.

94.28 Sec. 4. Minnesota Statutes 2024, section 424A.08, is amended to read:

94.29 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED**
94.30 **DISBURSEMENTS.**

94.31 (a) ~~Any A~~ municipality ~~which that~~ is entitled to receive fire state aid ~~but which has no~~
94.32 must deposit the fire state aid in a special account established for that purpose in the

95.1 municipal treasury and disburse the fire state aid in accordance with paragraph (b) or (c),
95.2 as applicable, if the municipality's fire department is not directly associated with a firefighters
95.3 relief association directly associated with its fire department and which is not a participating
95.4 employer in the statewide volunteer firefighter plan under chapter 353G.

95.5 (b) If the municipality has no full-time firefighters with retirement coverage by the public
95.6 employees police and fire retirement plan shall deposit the fire state aid in a special account
95.7 established for that purpose in the municipal treasury. Disbursement and no part-time
95.8 firefighters with retirement coverage by the general employees retirement plan under chapter
95.9 353, the municipality must not disburse fire state aid from the special account may not be
95.10 made for any purpose except:

95.11 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department
95.12 Association and to the state Volunteer Firefighters Benefit Association in order to entitle
95.13 its firefighters to membership in and the benefits of these state associations;

95.14 (2) payment of the cost of purchasing and maintaining needed equipment for the fire
95.15 department; and

95.16 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings
95.17 or other premises to house the equipment of the fire department.

95.18 ~~(b) A~~ (c) If the municipality which is entitled to receive fire state aid, which has no
95.19 firefighters relief association directly associated with its fire department, which does not
95.20 participate in the statewide volunteer firefighter plan under chapter 353G, and which has
95.21 full-time firefighters with retirement coverage by the public employees police and fire
95.22 retirement plan or part-time firefighters with retirement coverage by the general employees
95.23 retirement plan or both full-time and part-time firefighters with the applicable retirement
95.24 coverage, the municipality may disburse the fire state aid as:

95.25 (1) as provided in paragraph (a); (b);

95.26 (2) for the payment of the employer contribution requirement with respect to contributions
95.27 under section 353.65, subdivision 3, for any firefighters covered by the public employees
95.28 police and fire retirement plan under section 353.65, subdivision 3;

95.29 (3) for the payment of employer contributions for any firefighters covered by the general
95.30 employees retirement plan under section 353.27, subdivisions 3 and 3a; or

95.31 (4) for a combination of the two types of disbursements payments authorized under
95.32 clauses (1) to (3).

96.1 ~~(e)~~ (d) A municipality that has no firefighters relief association directly associated with
96.2 it and that participates in the statewide volunteer firefighter plan under chapter 353G shall
96.3 transmit any fire state aid that it receives to the statewide volunteer firefighter fund.

96.4 Sec. 5. Minnesota Statutes 2024, section 477B.02, subdivision 3, is amended to read:

96.5 Subd. 3. **Benefits requirements.** (a) The fire department must:

96.6 (1) be associated with a firefighters relief association that provides retirement benefits;

96.7 (2) participate in and have firefighters receiving credit for service toward a retirement
96.8 benefit under the statewide volunteer firefighter plan;

96.9 (3) have retirement coverage under the public employees police and fire retirement plan
96.10 or the Public Employees Retirement Association general employees retirement plan for the
96.11 fire department's full-time firefighters, as defined in section 299N.03, subdivision 5, or the
96.12 fire department's part-time firefighters, or the fire department's both full-time firefighters
96.13 and part-time firefighters; or

96.14 (4) satisfy either clauses (1) and (3) or clauses (2) and (3).

96.15 (b) For purposes of retirement benefits, a fire department may be associated with only
96.16 one firefighters relief association or one account in the statewide firefighters retirement plan
96.17 at one time.

96.18 (c) Notwithstanding paragraph (a), a municipality without a relief association as described
96.19 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other
96.20 requirements of this section are met.

96.21 Sec. 6. Minnesota Statutes 2024, section 477B.02, subdivision 8, is amended to read:

96.22 Subd. 8. **PERA certification to commissioner.** (a) On or before February 1 each year,
96.23 the executive director of the Public Employees Retirement Association must certify to the
96.24 commissioner the fire departments that transferred retirement coverage to, or terminated
96.25 participation in, the ~~voluntary~~ statewide volunteer firefighter retirement plan since the
96.26 previous certification under this paragraph. This certification must include the number of
96.27 active ~~volunteer~~ firefighters under section 477B.03, subdivision 5, paragraph (e).

96.28 (b) On or before February 1 each year, the executive director of the Public Employees
96.29 Retirement Association must certify to the commissioner:

97.1 (1) the fire departments that participate in the statewide volunteer firefighter plan and
97.2 have no firefighters receiving credit for service toward a retirement benefit under the
97.3 statewide volunteer firefighter plan; and

97.4 (2) the fire departments that employ part-time firefighters who are covered by the general
97.5 employees retirement plan.

97.6 Sec. 7. Minnesota Statutes 2024, section 477B.03, subdivision 5, is amended to read:

97.7 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
97.8 allocation amount is the amount derived from any additional funding amount to support a
97.9 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
97.10 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
97.11 corporations with ~~volunteer~~ firefighters' relief associations or covered by the statewide
97.12 volunteer firefighter plan. The amount is based on the number of active ~~volunteer~~ firefighters
97.13 who are (1) members of the relief association as reported to the Office of the State Auditor
97.14 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)
97.15 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

97.16 (b) For relief associations established in calendar year 1993 or a prior year, the number
97.17 of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who were
97.18 members of the relief association as reported in the annual financial reporting for calendar
97.19 year 1993, but not to exceed 30 active ~~volunteer~~ firefighters.

97.20 (c) For relief associations established in calendar year 1994 through calendar year 1999,
97.21 the number of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters
97.22 who were members of the relief association as reported in the annual financial reporting for
97.23 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active ~~volunteer~~
97.24 firefighters.

97.25 (d) For relief associations established after calendar year 1999, the number of active
97.26 ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who are members
97.27 of the relief association as reported in the first annual financial reporting submitted to the
97.28 Office of the State Auditor, but not to exceed 20 active ~~volunteer~~ firefighters.

97.29 (e) For a municipality or independent nonprofit firefighting corporation that is providing
97.30 retirement coverage for ~~volunteer~~ firefighters by the statewide volunteer firefighter plan
97.31 under chapter 353G, the number of active ~~volunteer~~ firefighters equals the number of active
97.32 ~~volunteer~~ firefighters of the municipality or independent nonprofit firefighting corporation
97.33 covered by the statewide plan as certified by the executive director of the Public Employees

98.1 Retirement Association to the commissioner and the state auditor within 30 days of the date
98.2 the municipality or independent nonprofit firefighting corporation begins coverage in the
98.3 plan, but not to exceed 30 active firefighters.

98.4 Sec. 8. Minnesota Statutes 2024, section 477B.03, subdivision 7, is amended to read:

98.5 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
98.6 ~~fire~~ firefighter relief association, or the statewide volunteer firefighter plan may object to
98.7 the amount of fire state aid apportioned to it by filing a written request with the commissioner
98.8 to review and adjust the apportionment of funds within the state. The objection of a
98.9 municipality, an independent nonprofit firefighting corporation, a ~~fire~~ firefighter relief
98.10 association, or the ~~voluntary~~ statewide volunteer firefighter retirement plan must be filed
98.11 with the commissioner within 60 days of the date the amount of apportioned fire state aid
98.12 is paid. The decision of the commissioner is subject to appeal, review, and adjustment by
98.13 the district court in the county in which the applicable municipality or independent nonprofit
98.14 firefighting corporation is located or by the Ramsey County District Court with respect to
98.15 the statewide volunteer firefighter plan.

98.16 Sec. 9. Minnesota Statutes 2024, section 477B.04, subdivision 3, is amended to read:

98.17 Subd. 3. **Deposit of state aid.** (a) This paragraph applies if the municipality or the
98.18 independent nonprofit firefighting corporation is has firefighters covered by the statewide
98.19 volunteer firefighter plan. If this paragraph applies and the executive director of the Public
98.20 Employees Retirement Association has not approved an aid allocation plan under section
98.21 477B.041, the executive director must credit the fire state aid against future municipal
98.22 contribution requirements under section 353G.08 and must notify the municipality or the
98.23 independent nonprofit firefighting corporation of the fire state aid so credited at least
98.24 annually. If this paragraph applies and the executive director has approved an aid allocation
98.25 plan under section 477B.041, the executive director must allocate fire state aid in the manner
98.26 described under section 477B.041.

98.27 (b) If (1) the municipality or the independent nonprofit firefighting corporation ~~is~~ does
98.28 not have firefighters covered by the statewide volunteer firefighter plan and is affiliated
98.29 with a duly incorporated firefighters relief association, (2) the relief association has filed a
98.30 financial report with the municipality pursuant to section 424A.014, subdivision 1 or 2,
98.31 whichever applies, and (3) there is not an aid allocation agreement under section 477B.042
98.32 in effect, then the treasurer of the municipality must, within 30 days after receipt, transmit
98.33 the fire state aid to the treasurer of the relief association. If clauses (1) and (2) are satisfied

99.1 and there is an aid allocation agreement under section 477B.042 in effect, then fire state aid
99.2 must be transmitted as described in that section. If the relief association has not filed a
99.3 financial report with the municipality, then, regardless of whether an aid allocation agreement
99.4 is in effect, the treasurer of the municipality must delay transmission of the fire state aid to
99.5 the relief association until the complete financial report is filed.

99.6 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal
99.7 treasury if (1) the municipality or independent nonprofit firefighting corporation ~~is~~ does not
99.8 have firefighters covered by the statewide volunteer firefighter plan, (2) there is no relief
99.9 association organized, (3) the association has dissolved, or (4) the association has been
99.10 removed as trustees of state aid. The money may be disbursed from the municipal treasury
99.11 only for the purposes and in the manner set forth in section 424A.08 or for the payment of
99.12 the employer contribution requirement with respect to firefighters covered by the public
99.13 employees police and fire retirement plan under section 353.65, subdivision 3.

99.14 Sec. 10. Minnesota Statutes 2024, section 477B.04, subdivision 4, is amended to read:

99.15 Subd. 4. **Aid amount corrections.** (a) ~~An~~ The commissioner must make any adjustment
99.16 needed to correct a fire state aid overpayment or underpayment due to a clerical error ~~must~~
99.17 ~~be made~~ to subsequent fire state aid payments as provided in paragraphs (b) and (c). The
99.18 commissioner's authority to correct an aid payment under this subdivision is limited to three
99.19 years after the payment was issued.

99.20 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,
99.21 the commissioner must reduce the aid a municipality or independent nonprofit firefighting
99.22 corporation is to receive by the amount overpaid over a period of no more than three years.
99.23 If an overpayment equals or is less than ten percent of the most recently paid aid amount,
99.24 the commissioner must reduce the next aid payment occurring in 30 days or more by the
99.25 amount overpaid.

99.26 (c) In the event of an underpayment, the commissioner must distribute the amount of
99.27 underpaid funds to the municipality or independent nonprofit firefighting corporation over
99.28 a period of no more than three years. An additional distribution to a municipality or
99.29 independent nonprofit firefighting corporation must be paid from the general fund and must
99.30 not diminish the payments made to other municipalities or independent nonprofit firefighting
99.31 corporations under this chapter.

99.32 Sec. 11. **EFFECTIVE DATE.**

99.33 Sections 1 to 10 are effective beginning with aids payable in 2026.

ARTICLE 16**STATE BOARD OF INVESTMENT**

Section 1. Minnesota Statutes 2024, section 11A.07, subdivision 4, is amended to read:

Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

(1) plan, direct, coordinate, and execute administrative and investment functions in conformity with the policies and directives of the state board and the requirements of this chapter and of chapter 356A;

(2) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Management and Budget;

(3) employ professional and clerical staff as necessary;

(4) report to the state board on all operations under the director's control and supervision;

(5) maintain accurate and complete records of securities transactions and official activities;

(6) establish a policy, which is subject to state board approval, relating to the purchase and sale of securities on the basis of competitive offerings or bids;

(7) cause securities acquired to be kept in the custody of the commissioner of management and budget or other depositories consistent with chapter 356A, as the state board deems appropriate;

(8) prepare and file with the director of the Legislative Reference Library, ~~by December 31 of each year,~~ a report summarizing the activities of the state board, the council, and the director during the preceding fiscal year;

(9) include on the state board's website its annual report and an executive summary of its quarterly reports;

(10) require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of its investment activities;

(11) receive and expend legislative appropriations; and

(12) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

101.1 Sec. 2. Minnesota Statutes 2024, section 11A.07, subdivision 4b, is amended to read:

101.2 Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must
101.3 include an executive summary, must be prepared and filed after the completion of the
101.4 applicable fiscal year audit but no later than March 31 of each year, and must be prepared
101.5 so as to provide the legislature and the people of the state with:

101.6 (1) a clear, comprehensive summary of the portfolio composition, the transactions, the
101.7 total annual rate of return, and the yield to the state treasury and to each of the funds with
101.8 assets invested by the state board; and

101.9 (2) the recipients of business placed or commissions allocated among the various
101.10 commercial banks, investment bankers, money managers, and brokerage organizations and
101.11 the amount of these commissions or other fees.

101.12 Sec. 3. **REPEALER.**

101.13 Minnesota Statutes 2024, section 11A.27, is repealed.

101.14 Sec. 4. **EFFECTIVE DATE.**

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

101.16 ARTICLE 17

101.17 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

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

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

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

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

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

101.29 (4) members of a municipal rescue squad associated with the city of Litchfield in Meeker
101.30 County, or of a county rescue squad associated with Kandiyohi County, if an independent

102.1 nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency
102.2 management services, and if not affiliated with a fire department or ambulance service and
102.3 if its members are not eligible for membership in that fire department's or ambulance service's
102.4 relief association or comparable pension plan;

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

102.9 ~~(5)~~ (6) employees of the Port Authority of the city of St. Paul who elect to participate
102.10 in the plan under section 353D.02, subdivision 5, and who are not members of the association
102.11 under section 353.01, subdivision 7;

102.12 ~~(6)~~ (7) city managers who elected to be excluded from the general employees retirement
102.13 plan of the association under section 353.028 and who elected to participate in the public
102.14 employees defined contribution plan under section 353.028, subdivision 3, paragraph (b);

102.15 ~~(7)~~ (8) volunteer or emergency on-call firefighters serving in a municipal fire department
102.16 or an independent nonprofit firefighting corporation who are not covered by the police and
102.17 fire retirement plan and who are not covered by a firefighters relief association and who
102.18 elect to participate in the public employees defined contribution plan;

102.19 ~~(8)~~ (9) any elected county sheriff who is a former member of the police and fire plan,
102.20 is receiving a retirement annuity as provided under section 353.651, ~~who~~ and does not have
102.21 previous employment with the county for which the sheriff was elected; and

102.22 ~~(9)~~ (10) persons appointed to serve on a board or commission of a governmental
102.23 subdivision or an instrumentality thereof.

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

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

102.30 Sec. 2. Minnesota Statutes 2024, section 353D.02, subdivision 4, is amended to read:

102.31 Subd. 4. **Eligible rescue squad personnel members.** (a) The municipality or county,
102.32 as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph

103.1 (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable,
103.2 elects to participate, the eligible personnel may elect to participate or decline to participate.
103.3 An eligible individual's election must be made within 30 days of the service's election to
103.4 participate or within 30 days of the date on which the individual first began employment
103.5 with the rescue squad, whichever is later. ~~Elections under this subdivision by a government~~
103.6 ~~unit or individual are irrevocable.~~ The municipality or county, as applicable, must specify
103.7 by resolution eligibility requirements for rescue squad personnel which must be satisfied if
103.8 the individual is to be authorized to make the election under this subdivision.

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

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

103.13 Sec. 3. **EFFECTIVE DATE.**

103.14 Sections 1 and 2 are effective the day following final enactment.

103.15 **ARTICLE 18**

103.16 **MISCELLANEOUS TECHNICAL CORRECTIONS**

103.17 Section 1. Minnesota Statutes 2024, section 124E.12, subdivision 4, is amended to read:

103.18 Subd. 4. **Teacher and other employee retirement.** (a) Teachers in a charter school
103.19 must be public school teachers for the purposes of chapters 354 and 354A ~~governing the~~
103.20 ~~Teacher Retirement Act.~~

103.21 (b) Except for teachers under paragraph (a), employees in a charter school must be public
103.22 employees for the purposes of chapter 353 ~~governing the Public Employees Retirement~~
103.23 ~~Act.~~

103.24 Sec. 2. Minnesota Statutes 2024, section 124E.12, subdivision 6, is amended to read:

103.25 Subd. 6. **Leave to teach in a charter school.** If a teacher employed by a district makes
103.26 a written request for an extended leave of absence to teach at a charter school, the district
103.27 must grant the leave. The district must grant a leave not to exceed a total of five years. Any
103.28 request to extend the leave shall be granted only at the discretion of the school board. The
103.29 district may require a teacher to make the request for a leave or extension of leave before
103.30 February 1 in the school year preceding the school year in which the teacher intends to
103.31 leave, or February 1 of the calendar year in which the teacher's leave is scheduled to

104.1 terminate. Except as otherwise provided in this subdivision and section 122A.46, subdivision
104.2 7, governing employment in another district, the leave is governed by section 122A.46,
104.3 including, but not limited to, reinstatement, notice of intention to return, seniority, salary,
104.4 and insurance.

104.5 During a leave, the teacher may continue to ~~aggregate benefits and credits~~ earn service
104.6 and salary credit toward a pension in the Teachers' Retirement Association account or the
104.7 St. Paul Teachers Retirement Fund Association under chapters 354 and 354A, respectively,
104.8 consistent with subdivision 4.

104.9 Sec. 3. Minnesota Statutes 2024, section 181.101, is amended to read:

104.10 **181.101 WAGES; HOW OFTEN PAID.**

104.11 (a) Except as provided in paragraph (b), every employer must pay all wages, including
104.12 salary, earnings, and gratuities earned by an employee at least once every 31 days and all
104.13 commissions earned by an employee at least once every three months, on a regular payday
104.14 designated in advance by the employer regardless of whether the employee requests payment
104.15 at longer intervals. Unless paid earlier, the wages earned during the first half of the first
104.16 31-day pay period become due on the first regular payday following the first day of work.
104.17 If wages or commissions earned are not paid, the commissioner of labor and industry or the
104.18 commissioner's representative may serve a demand for payment on behalf of an employee.
104.19 In addition to other remedies under section 177.27, if payment of wages is not made within
104.20 ten days of service of the demand, the commissioner may charge and collect the wages
104.21 earned at the employee's rate or rates of pay or at the rate or rates required by law, including
104.22 any applicable statute, regulation, rule, ordinance, government resolution or policy, contract,
104.23 or other legal authority, whichever rate of pay is greater, and a penalty in the amount of the
104.24 employee's average daily earnings at the same rate or rates for each day beyond the ten-day
104.25 limit following the demand. If payment of commissions is not made within ten days of
104.26 service of the demand, the commissioner may charge and collect the commissions earned
104.27 and a penalty equal to 1/15 of the commissions earned but unpaid for each day beyond the
104.28 ten-day limit. Money collected by the commissioner must be paid to the employee concerned.
104.29 This section does not prevent an employee from prosecuting a claim for wages. This section
104.30 does not prevent a school district, other public school entity, or other school, as defined
104.31 under section 120A.22, from paying any wages earned by its employees during a school
104.32 year on regular paydays in the manner provided by an applicable contract or collective
104.33 bargaining agreement, or a personnel policy adopted by the governing board. For purposes
104.34 of this section, "employee" includes a person who performs agricultural labor as defined in

105.1 section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an
105.2 employee works. This section provides a substantive right for employees to the payment of
105.3 wages, including salary, earnings, and gratuities, as well as commissions, in addition to the
105.4 right to be paid at certain times.

105.5 (b) An employer of a volunteer or paid on-call firefighter, as defined in section 424A.001,
105.6 subdivision 10, a member of an organized first responder squad that is formally recognized
105.7 by a political subdivision in the state, or a volunteer ambulance driver or attendant must
105.8 pay all wages earned by the volunteer firefighter, first responder, or volunteer ambulance
105.9 driver or attendant at least once every 31 days, unless the employer and the employee
105.10 mutually agree upon payment at longer intervals.

105.11 Sec. 4. Minnesota Statutes 2024, section 356.633, subdivision 1, is amended to read:

105.12 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
105.13 the meanings given.

105.14 (b) "Covered retirement plan" means a pension or retirement plan listed in section
105.15 356.611, subdivision 6, and the Minnesota deferred compensation plan established under
105.16 section 352.965.

105.17 ~~(b)~~ (c) "Distributee" means:

105.18 (1) a member of or participant in a covered retirement plan ~~listed in section 356.611,~~
105.19 ~~subdivision 6;~~

105.20 (2) the surviving spouse of a member of or participant in a covered retirement plan;

105.21 (3) the former spouse of ~~the~~ a member of or participant in a covered retirement plan who
105.22 is the alternate payee under a qualified domestic relations order as defined in section 414(p)
105.23 of the Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution
105.24 of marital property, as provided in section 518.58; or

105.25 (4) a nonspousal beneficiary of a member of or participant in a covered retirement plan
105.26 who qualifies for a distribution under the plan and is a designated beneficiary as defined in
105.27 section 401(a)(9)(E) of the Internal Revenue Code.

105.28 ~~(c)~~ (d) "Eligible retirement plan" means:

105.29 (1) an individual retirement account under section 408(a) or 408A of the Internal Revenue
105.30 Code;

105.31 (2) an individual retirement annuity plan under section 408(b) of the Internal Revenue
105.32 Code;

- 106.1 (3) an annuity plan under section 403(a) of the Internal Revenue Code;
- 106.2 (4) a qualified trust plan under section 401(a) of the Internal Revenue Code that accepts
- 106.3 ~~the distributee's eligible rollover distribution~~ distributions;
- 106.4 (5) an annuity contract under section 403(b) of the Internal Revenue Code;
- 106.5 (6) an eligible deferred compensation plan under section 457(b) of the Internal Revenue
- 106.6 Code, ~~which~~ including the Minnesota deferred compensation plan, that is maintained by a
- 106.7 state or local government, accepts eligible rollover distributions, and ~~which~~ agrees to
- 106.8 separately account for the amounts transferred into the plan;
- 106.9 (7) ~~in the case of an eligible rollover distribution to a~~ if the distributee is a surviving
- 106.10 spouse or nonspousal beneficiary, an individual account or annuity treated as an inherited
- 106.11 individual retirement account under section 402(c)(11) of the Internal Revenue Code; or
- 106.12 (8) a savings incentive match plan for employees of small employers (SIMPLE) individual
- 106.13 retirement account under section 408(p) of the Internal Revenue Code, provided that the
- 106.14 rollover distribution is made after the two-year period beginning on the date the distributee
- 106.15 first participated in any qualified salary reduction arrangement maintained by the distributee's
- 106.16 employer under section 408(p)(2) of the Internal Revenue Code, as described in section
- 106.17 72(t)(6) of the Internal Revenue Code.
- 106.18 ~~(d)~~ (e) "Eligible rollover distribution" means any distribution of all or any portion of the
- 106.19 balance to the credit of the distributee. An eligible rollover distribution does not include:
- 106.20 (1) a distribution that is one of a series of substantially equal periodic payments,
- 106.21 receivable annually or more frequently, that is made for the life or life expectancy of the
- 106.22 distributee, the joint lives or joint life expectancies of the distributee and the distributee's
- 106.23 designated beneficiary, or for a specified period of ten years or more;
- 106.24 (2) a distribution that is required under section 401(a)(9) of the Internal Revenue Code;
- 106.25 ~~or~~
- 106.26 (3) a distribution that is less than \$200; or
- 106.27 ~~(3)~~ (4) any other exception required by law or the Internal Revenue Code.

106.28 Sec. 5. Minnesota Statutes 2024, section 356.633, subdivision 2, is amended to read:

106.29 Subd. 2. **Right to elect direct rollover.** Except as provided in subdivision 3 for after-tax

106.30 contributions, a distributee may elect, at the time and in the manner prescribed by the plan

106.31 administrator, to have all or any portion of an eligible rollover distribution from a covered

106.32 retirement plan paid directly to an eligible retirement plan as specified by the distributee.

107.1 Sec. 6. Minnesota Statutes 2024, section 356.633, is amended by adding a subdivision to
107.2 read:

107.3 Subd. 4. **Notice.** A covered retirement plan must provide the distributee of an eligible
107.4 rollover distribution from the covered retirement plan with the notice required by section
107.5 402(f) of the Internal Revenue Code within the time period prior to making the eligible
107.6 rollover distribution, as required by regulations issued pursuant to section 402(f) of the
107.7 Internal Revenue Code.

107.8 Sec. 7. **[356.638] MILITARY SERVICE.**

107.9 A covered retirement plan as defined in section 356.633, subdivision 1, paragraph (b),
107.10 must require contributions and provide benefits, including death and disability benefits
107.11 under section 401(a)(37) of the Internal Revenue Code, and service credit with respect to
107.12 qualified military service according to section 414(u) of the Internal Revenue Code. If a
107.13 member dies while the member is performing qualified military service as defined in United
107.14 States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal
107.15 Revenue Code, survivors of the member are entitled to any additional benefits that the
107.16 covered retirement plan would have provided if the member had resumed employment and
107.17 then died, including but not limited to accelerated vesting or survivor benefits that are
107.18 contingent on the member's death while employed. A deceased member's period of qualified
107.19 military service must be counted for vesting purposes.

107.20 Sec. 8. Minnesota Statutes 2024, section 424B.22, subdivision 1, is amended to read:

107.21 Subdivision 1. **Application.** (a) Notwithstanding any laws to the contrary, this section
107.22 applies to:

107.23 (1) the termination of a retirement plan established and administered by a relief
107.24 association, whether or not the relief association is also dissolved or eliminated; and

107.25 (2) the dissolution of a relief association that is not consolidating with another relief
107.26 association under sections 424B.01 to 424B.10.

107.27 (b) This section does not apply to the dissolution of a relief association or the termination
107.28 of a retirement plan that occurs due to the change in retirement coverage from a retirement
107.29 plan administered by a relief association to the Public Employees Retirement Association
107.30 statewide volunteer firefighter plan under section 353G.06.

107.31 ~~(b) To terminate a retirement plan, the board of trustees must comply with subdivisions~~
107.32 ~~3, 5 to 11, and, if desired, subdivision 4.~~

108.1 ~~(e) To dissolve a relief association, the board of trustees of the relief association must:~~
108.2 ~~(1) terminate the retirement plan in accordance with paragraph (b);~~
108.3 ~~(2) determine all legal obligations of the special and general funds of the relief association,~~
108.4 ~~as required by subdivision 5;~~
108.5 ~~(3) take the actions required by subdivision 12; and~~
108.6 ~~(4) comply with the requirements governing dissolution of nonprofit corporations under~~
108.7 ~~chapter 317A.~~
108.8 ~~(d) A relief association that terminates its retirement plan must liquidate its special fund~~
108.9 ~~as provided in subdivision 8, but need not liquidate its general fund if the relief association~~
108.10 ~~is not being dissolved.~~

108.11 Sec. 9. Minnesota Statutes 2024, section 424B.22, is amended by adding a subdivision to
108.12 read:

108.13 Subd. 1a. **Voluntary dissolution and termination.** (a) To terminate a retirement plan,
108.14 the board of trustees must comply with subdivisions 3, 5 to 11, and, if desired, 4.

108.15 (b) To dissolve a relief association, the board of trustees of the relief association must:
108.16 (1) terminate the retirement plan in accordance with paragraph (a);
108.17 (2) determine all legal obligations of the special and general funds of the relief association,
108.18 as required by subdivision 5;

108.19 (3) take the actions required by subdivision 12; and
108.20 (4) comply with the requirements governing dissolution of nonprofit corporations under
108.21 chapter 317A.

108.22 (c) A relief association that terminates its retirement plan must liquidate its special fund
108.23 as provided in subdivision 8, but need not liquidate its general fund if the relief association
108.24 is not being dissolved.

108.25 Sec. 10. Minnesota Statutes 2024, section 424B.22, subdivision 2, is amended to read:

108.26 **Subd. 2. Involuntary dissolution and termination.** (a) A relief association is dissolved
108.27 and the retirement plan administered by the relief association is terminated automatically
108.28 if:

108.29 (1) the fire department affiliated with a relief association is dissolved by action of the
108.30 governing body of the municipality in which the fire department is located or by the

109.1 governing body of the independent nonprofit firefighting corporation, whichever applies;
109.2 ~~or~~

109.3 (2) the fire department affiliated with a relief association has terminated the employment
109.4 or services of all active members of the relief association-; or

109.5 (3) the governing body with which the fire department is affiliated has resolved to transfer
109.6 the fire department's active firefighters who are members of the relief association to one or
109.7 more pension plans established under chapter 353 and has filed the resolution, if applicable,
109.8 with the Public Employees Retirement Association, and the relief association's retirement
109.9 plan will have no remaining active firefighters earning service toward a retirement benefit
109.10 when the transfer is completed.

109.11 (b) An involuntary termination of a relief association under this subdivision is effective
109.12 on the December 31 that is at least eight months after the date on which the fire department
109.13 is dissolved or the termination of employment or services of all active members of the relief
109.14 association occurs.

109.15 (c) The board of trustees must comply with subdivisions 3 and 5 to 12. The board of
109.16 trustees may comply with subdivision 4. The state auditor has the discretion to waive these
109.17 requirements if the board of trustees requests a waiver in advance and provides adequate
109.18 demonstration that meeting these requirements is not practicable.

109.19 ~~(e)~~ (d) The retirement plan administered by a relief association is terminated automatically
109.20 if the relief association is dissolved, effective on the date of the dissolution of the relief
109.21 association.

109.22 Sec. 11. Minnesota Statutes 2024, section 424B.22, subdivision 3, is amended to read:

109.23 Subd. 3. **Retirement plan termination date, full vesting, and forfeitures.** (a) Unless
109.24 subdivision 2 applies, the effective date of the termination of a retirement plan is the date
109.25 approved by the board of trustees of the relief association. If the board of trustees does not
109.26 approve a termination date, the effective date of the termination of a retirement plan is the
109.27 effective date of the dissolution of the relief association or, if the relief association is not
109.28 being dissolved, the end of the calendar year in which the termination of employment or
109.29 services of all active members of the relief association occurs.

109.30 (b) ~~As of the earlier of the retirement plan termination date or the date on which the~~
109.31 ~~termination of employment or services of all active members of the relief association occurs~~
109.32 required by section 356.001, subdivision 3, each participant becomes fully (100 percent)
109.33 member must become 100 percent vested in the participant's member's retirement benefit

110.1 ~~under~~ accrued and funded to the earlier of the retirement plan termination date or the date
110.2 on which the termination of employment or services of all active members of the relief
110.3 association occurs, notwithstanding any bylaws or laws to the contrary, ~~except for~~. For
110.4 purposes of this paragraph:

110.5 (1) "member" does not mean any retiree in pay status who is receiving a monthly service
110.6 pension from a relief association described in section 424A.093; and

110.7 (2) crediting of interest on deferred service pensions under the terms of the bylaws of a
110.8 defined benefit relief association and section 424A.02, subdivision 7, ends on the retirement
110.9 plan termination date.

(c) If the relief association is a defined contribution relief association, the account of each participant who becomes 100 percent vested under paragraph (b) shall include an allocation of any forfeiture that is required, under the bylaws of the relief association, to occur on or as of the end of the calendar year during which the termination of the retirement plan is effective, if the participant is entitled to an allocation of forfeitures under the bylaws. Any account so forfeited shall not be included in the retirement benefits that become 100 percent vested under paragraph (b).

110.17 **Sec. 12. REPEALER.**

110.18 Minnesota Statutes 2024, section 356.635, subdivision 9, is repealed.

110.19 **Sec. 13. EFFECTIVE DATE.**

110.20 Sections 1 to 12 are effective the day following final enactment."

110.21 Amend the title accordingly

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

110.23 Amendments adopted. Report adopted.

110.24
110.25 (Committee Chair)

110.26 May 13, 2025.....

110.27 (Date of Committee recommendation)