

SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION

S.F. No. 2985

| (SENATE AUTHORS: PAPPAS) |      |                                                                            |
|--------------------------|------|----------------------------------------------------------------------------|
| DATE                     | D-PG | OFFICIAL STATUS                                                            |
| 03/27/2025               | 1091 | Introduction and first reading                                             |
|                          |      | Referred to Judiciary and Public Safety                                    |
| 04/01/2025               |      | Comm report: To pass as amended and re-refer to State and Local Government |

1.1

A bill for an act

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relating to retirement; requiring the commissioner of employment and economic

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development to disclose information; making administrative and technical changes

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to the Minnesota Secure Choice Retirement Program Act; amending Minnesota

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Statutes 2024, sections 116J.401, by adding a subdivision; 187.03, subdivisions

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5, 7, by adding a subdivision; 187.05, subdivisions 4, 6, by adding a subdivision;

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187.07, subdivisions 1, 2, 3, 6; 187.08, subdivisions 3, 7; 187.11.

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

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Section 1. Minnesota Statutes 2024, section 116J.401, is amended by adding a subdivision

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to read:

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Subd. 4. Disclosure to Secure Choice board. (a) Within 30 days of receiving a request

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from the executive director or interim executive director of the Minnesota Secure Choice

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retirement program, the commissioner must disclose to the executive director or interim

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executive director, as applicable, information regarding employers engaged in a business,

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industry, profession, trade, or other enterprise in the state, whether for profit or not for profit.

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Information requested may include but is not limited to:

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(1) for each employer:

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(i) the employer's business name, federal employer identification number, mailing and

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street addresses, and telephone number; and

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(ii) the names of one or more individuals who will serve as a point of contact for the

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executive director or interim executive director and each individual's email address and

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telephone number; and

(2) any other information that the executive director or interim executive director has determined is needed to provide notice to employers about the program or to monitor compliance with and enforce the requirements of chapter 187.

(b) The executive director or interim executive director must use information obtained under this section for purposes consistent with this chapter and must maintain the privacy of the information if required under chapter 13.

Sec. 2. Minnesota Statutes 2024, section 187.03, subdivision 5, is amended to read:

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

(b) Covered employee does not include:

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

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

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

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

(5) a person employed on a temporary or seasonal basis for a limited duration, which the employer determines at the time the person is hired will not extend beyond 120 days.

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

Sec. 3. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to read:

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

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

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

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

Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity or person may file a certification with the executive director on a form prescribed by the executive director and provide documentation in support of the certification, as requested by the executive director, stating that the entity or person is not a covered employer. The certification must state that the entity or person is not a covered employer for one or more of the following reasons:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 6. **Enforcement.** (a) The board ~~may~~ must impose statutory civil penalties against any covered employer that fails to comply with ~~subdivisions~~ subdivision 1, 2, ~~and~~ or 3.

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

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

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

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

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

(2) the initial term of the member who is an executive or other professional with substantial experience in retirement plan investments under subdivision 1, clause (3), item

6.1 (iii), and the member who is a human resources executive under subdivision 1, clause (4),  
6.2 is three years.

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

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

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

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

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

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

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

6.21 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

6.22 (a) The board may enter into intergovernmental agreements with the commissioner of  
6.23 revenue, the commissioner of labor and industry, the commissioner of employment and  
6.24 economic development, and any other state agency that the board deems necessary or  
6.25 appropriate to provide outreach, technical assistance, or compliance services. An agency  
6.26 that enters into an intergovernmental agreement with the board pursuant to this section must  
6.27 collaborate and cooperate with the board to provide the outreach, technical assistance, or  
6.28 compliance services under any such agreement. The board, executive director, and program  
6.29 staff must maintain the privacy of data obtained under any intergovernmental agreement if  
6.30 required under chapter 13.

6.31 (b) The commissioner of administration must provide office space in the Capitol complex  
6.32 for the executive director and staff of the program.

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- Sec. 15. **EFFECTIVE DATE.**
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- Sections 1 to 14 are effective the day following final enactment.