

STATE OF MINNESOTA

Journal of the Senate

EIGHTIETH LEGISLATURE

FORTY-THIRD DAY

St. Paul, Minnesota, Monday, April 21, 1997

The Senate met at 10:30 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Paul Gauche.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Messrs. Johnson, D.H. and Stumpf were excused from the Session of today.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1116: A bill for an act relating to Hennepin county; allowing use of certain county

facilities for commercial wireless service providers and allowing the lease of sites for public safety communication equipment; amending Minnesota Statutes 1996, section 383B.255, subdivision 1, and by adding a subdivision.

Senate File No. 1116 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1997

CONCURRENCE AND REPASSAGE

Ms. Higgins moved that the Senate concur in the amendments by the House to S.F. No. 1116 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1116 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Novak	Scheevel
Belanger	Hottinger	Langseth	Olson	Scheid
Berg	Janezich	Larson	Ourada	Solon
Betzold	Johnson, D.E.	Lesewski	Pariseau	Spear
Cohen	Johnson, D.J.	Lessard	Piper	Stevens
Day	Johnson, J.B.	Limmer	Pogemiller	Ten Eyck
Dille	Junge	Lourey	Price	Terwilliger
Fischbach	Kelley, S.P.	Marty	Ranum	Vickerman
Flynn	Kelly, R.C.	Metzen	Robertson	Wiener
Foley	Kleis	Moe, R.D.	Robling	Wiger
Frederickson	Knutson	Morse	Runbeck	
Hanson	Krentz	Neuville	Sams	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 495: A bill for an act relating to insurance; health; requiring coverage for diabetes outpatient self-management training and education; amending Minnesota Statutes 1996, section 62A.45.

Senate File No. 495 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1997

CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 495 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 495 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Novak	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Larson	Ourada	Scheid
Betzold	Johnson, D.E.	Lesewski	Pappas	Solon
Cohen	Johnson, D.J.	Lessard	Pariseau	Spear
Day	Johnson, J.B.	Limmer	Piper	Stevens
Dille	Junge	Lourey	Pogemiller	Ten Eyck
Fischbach	Kelley, S.P.	Marty	Price	Terwilliger
Flynn	Kelly, R.C.	Metzen	Ranum	Vickerman
Foley	Kleis	Moe, R.D.	Robertson	Wiener
Frederickson	Knutson	Morse	Runbeck	Wiger
Hanson	Krentz	Neuville	Sams	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 277: A bill for an act relating to alcoholic beverages; providing for permits for alcoholic beverage manufacturer warehouses, central distribution centers, or holding facilities; providing certain purchase rights to certain retailers served by North Dakota wholesalers; allowing a municipality to authorize a holder of an on-sale intoxicating liquor license to dispense intoxicating liquor at community festivals; modifying liability insurance requirements for liquor retailers; allowing municipalities to authorize on-sale of 3.2 percent malt liquor at 10 a.m. on Sundays; modifying time of day restrictions for the off-sale of intoxicating liquor in municipal liquor stores in certain cities; authorizing the sale of intoxicating liquor at professional athletic events in the St. Paul civic center; authorizing the issuance of intoxicating liquor licenses to the division of parks and recreation of the city of St. Paul; authorizing the city of Moorhead to issue two additional on-sale licenses; authorizing the city of Spring Lake Park to issue one additional on-sale license; amending Minnesota Statutes 1996, sections 340A.404, subdivision 4; 340A.409, subdivisions 1 and 4; 340A.417; and 340A.504, subdivision 3; Laws 1969, chapter 783, section 1, subdivision 1, as amended; and Laws 1990, chapter 554, section 19; proposing coding for new law in Minnesota Statutes, chapter 340A.

Senate File No. 277 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1997

Mr. Solon moved that the Senate do not concur in the amendments by the House to S.F. No. 277, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 276, 317, 966, 664, 209, 1460 and 1409.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1997

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 276: A bill for an act relating to natural resources; requiring public waters work permits for boathouses; providing authority to issue public waters work permits for boathouses to the commissioner of natural resources; amending Minnesota Statutes 1996, section 103G.245, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 385, now on General Orders.

H.F. No. 317: A bill for an act relating to capital improvements; authorizing towns to exercise eminent domain and other powers for purposes of wastewater infrastructure; proposing coding for new law in Minnesota Statutes, chapter 444.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 16, now on General Orders.

H.F. No. 966: A bill for an act relating to employment; modifying provisions governing payment of wages; including the state in the definition of employer for certain purposes; amending Minnesota Statutes 1996, sections 181.02; 181.03; 181.063; 181.10; 181.13; and 181.171, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 911, now on General Orders.

H.F. No. 664: A bill for an act relating to state government; adding authority for the board of water and soil resources to accept and administer federal grants, donations, gifts, and other contributions to achieve authorized objectives of the agency; amending Minnesota Statutes 1996, sections 103B.101, subdivision 9; and 103C.401, subdivision 1.

Referred to the Committee on State Government Finance.

H.F. No. 209: A bill for an act relating to human services; changing provisions for placement of children; amending Minnesota Statutes 1996, sections 257.071, subdivisions 1a and 7; 257.072, subdivisions 1, 2, 3, 4, 7, and 9; 259.29; 259.57, subdivision 2; 259.77; 260.181, subdivision 3; and 260.191, subdivision 1a.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 210, now on General Orders.

H.F. No. 1460: A bill for an act relating to government data practices; making certain welfare and housing data available to law enforcement agencies; requiring certain criminal conviction data to be available through the Internet; eliminating the requirement that government agencies pay a fee for commissioner's opinions; modifying school immunization and health record provisions; modifying patient consent to release of records for research; authorizing destruction of records of deceased patients; allowing certain voters to prevent public dissemination of their residence addresses; requiring notice of investigations to health board licensees; providing for retention of juvenile history records; providing for misdemeanor offense reports and access to certain adult criminal history data; providing for disclosure or inspection of certain tax data or return information; limiting disclosure of certain tax data under subpoena; providing criminal penalties; amending Minnesota Statutes 1996, sections 13.41, by adding a subdivision; 13.46, subdivision 2; 13.54, by adding a subdivision; 13.65, subdivision 2; 13.87, subdivision 2; 13.99, subdivision 53b, and by adding subdivisions; 123.70, subdivisions 5, 7, and 10; 144.29; 144.335, subdivision 3a, and by adding a subdivision; 201.091, subdivision 4; 214.10, subdivision 1; 260.161, subdivision 1a; 270.66, subdivision 3; 270B.01, subdivision 8; 270B.03, subdivisions 1, 3, and 4; 270B.08, subdivision 1; 270B.085, subdivision 1; 270B.09; 270B.12, subdivision 7; 270B.14, subdivision 1, and by adding subdivisions; 270B.16; 287.34; 299C.095; 299C.10, subdivision 1; and 299C.13; proposing coding for new law in Minnesota Statutes, chapters 214; and 270B; repealing Minnesota

Statutes 1996, sections 13.072, subdivision 3; 13.71, subdivisions 18, 19, 20, and 21; and 13.99, subdivision 21d.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1277, now on General Orders.

H.F. No. 1409: A bill for an act relating to agriculture; legislative review of feedlot permit rules; amending Minnesota Statutes 1996, section 116.07, subdivision 7.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1134, now on General Orders.

REPORTS OF COMMITTEES

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.03 be suspended as it relates to the Committee Report on S.F. No. 637. The motion prevailed.

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 298 and the reports pertaining to appointments. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 298: A bill for an act relating to partnerships; enacting the Uniform Partnership Act of 1994; providing for limited liability partnerships; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 322A; proposing coding for new law as Minnesota Statutes, chapter 323A; repealing Minnesota Statutes 1996, sections 323.01; 323.02, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8; 323.03; 323.04; 323.05; 323.06; 323.07; 323.08; 323.09; 323.10; 323.11; 323.12; 323.13; 323.14; 323.15; 323.16; 323.17; 323.18; 323.19; 323.20; 323.21; 323.22; 323.23; 323.24; 323.25; 323.26; 323.27; 323.28; 323.29; 323.30; 323.31; 323.32; 323.33; 323.34; 323.35; 323.36; 323.37; 323.38; 323.39; 323.40; 323.41; 323.42; 323.43; 323.44; 323.45; 323.46; and 323.47.

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

Page 2, line 6, delete "\$...." and insert "\$135"

Page 43, line 23, delete "\$....." and insert "\$135."

Page 48, line 1, before "A" insert "Except as otherwise provided in this chapter,"

Page 48, line 3, delete everything after "purposes"

Page 48, line 4, delete everything before the colon

Page 49, delete section 69

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "appropriating money;"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which were referred the following appointments as reported in the Journal for February 6, 1997:

MINNESOTA VETERANS HOMES BOARD OF DIRECTORS

Susan Kiley
Stephen J. O'Connor
Beverly Anderson Otterness

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which were referred the following appointments as reported in the Journal for January 9, 1997:

BOARD OF THE ARTS

Thomas L. Owens
Teresa Parker
M. Judith Schmidt

DEPARTMENT OF FINANCE
COMMISSIONER

Wayne A. Simoneau

MINNESOTA VETERANS HOMES BOARD OF DIRECTORS

Bertha M. Anderson
Dennis E. McNeil
Beverly Otterness

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which were referred the following appointments as reported in the Journal for March 20, 1997:

BOARD OF THE ARTS

Caroline M. Baillon
Ellis F. Bullock
Robert E. Powless

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred the following appointment as reported in the Journal for March 13, 1997:

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
EXECUTIVE DIRECTOR

Mary Most Vanek

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 637: A bill for an act relating to retirement; increasing pension benefit accrual rates; adjusting financing for pension plans; adding supplemental financial conditions information for pension funds; authorizing defined contribution early retirement options; reducing appropriations; modifying homestead and agricultural credit aid; appropriating money; amending Minnesota Statutes 1996, sections 3A.02, subdivisions 1 and 4; 3A.07; 11A.18, subdivision 9; 273.1398, by adding a subdivision; 352.01, subdivision 25; 352.04, subdivisions 2 and 3; 352.115, subdivision 3; 352.72, subdivision 2; 352.92, subdivisions 1 and 2; 352.93, subdivisions 2, 3, and by adding a subdivision; 352.95, subdivisions 1 and 5; 352B.02, subdivisions 1a and 1c; 352B.08, subdivisions 2 and 2a; 352B.10, subdivision 1; 352B.30, by adding a subdivision; 352C.031, subdivision 4; 352C.033; 353.01, subdivision 37; 353.27, subdivisions 2 and 3a; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1; 353.71, subdivision 2; 353A.08, subdivision 1; 353A.083, by adding a subdivision; 353C.06, subdivisions 3, 4, and by adding a subdivision; 353C.08, subdivision 1; 353C.09; 354.05, subdivision 38; 354.42, subdivisions 2, 3, and 5; 354.44, subdivision 6; 354.53, subdivision 1; 354.55, subdivision 11; 354A.011, subdivision 15a; 354A.12, subdivisions 1, 2a, 3a, and 3c; 354A.31, subdivisions 4 and 4a; 356.215, subdivisions 1 and 4d; 356.25; 356.30, subdivision 1; 356.88, by adding a subdivision; 423B.01, subdivision 9; 423B.06, by adding a subdivision; 423B.07; 423B.09, subdivision 1, and by adding a subdivision; 423B.10, subdivision 1; 423B.15, subdivisions 2, 3, and 6; and 490.124, subdivision 1; Laws 1965, chapter 519, section 1, as amended; Laws 1989, chapter 319, article 19, section 7, subdivisions 1, as amended, 3, 4, as amended, and 7; and Laws 1993, chapter 125, article 1, section 1; proposing coding for new law in Minnesota Statutes, chapters 124A; 352; 352C; and 356; proposing coding for new law as Minnesota Statutes, chapter 352E; repealing Minnesota Statutes 1996, sections 354A.12, subdivision 2b; 356.70; and 356.88, subdivision 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

PENSION UNIFORMITY PROVISIONS

Section 1. Minnesota Statutes 1996, section 3.85, subdivision 11, is amended to read:

Subd. 11. [VALUATIONS AND REPORTS TO LEGISLATURE.] (a) The commission shall contract with an established actuarial consulting firm to conduct annual actuarial valuations for the retirement plans named in paragraph (b). The contract must include provisions for performing cost analyses of proposals for changes in benefit and funding policies.

(b) The contract for actuarial valuation must include the following retirement plans:

- (1) the teachers retirement plan, teachers retirement association;
- (2) the general state employees retirement plan, Minnesota state retirement system;
- (3) the correctional employees retirement plan, Minnesota state retirement system;
- (4) the state patrol retirement plan, Minnesota state retirement system;
- (5) the judges retirement plan, Minnesota state retirement system;
- (6) the Minneapolis employees retirement plan, Minneapolis employees retirement fund;
- (7) the public employees retirement plan, public employees retirement association;
- (8) the public employees police and fire plan, public employees retirement association;

- (9) the Duluth teachers retirement plan, Duluth teachers retirement fund association;
- (10) the Minneapolis teachers retirement plan, Minneapolis teachers retirement fund association;
- (11) the St. Paul teachers retirement plan, St. Paul teachers retirement fund association;
- (12) the legislators retirement plan, Minnesota state retirement system; and
- (13) the elective state officers retirement plan, Minnesota state retirement system; ~~and~~
- ~~(14) the public employees local government correctional service retirement plan, public employees retirement association, if there are any participants in that plan.~~

(c) The contract must specify completion of annual actuarial valuation calculations on a fiscal year basis with their contents as specified in section 356.215, and the standards for actuarial work adopted by the commission.

The contract must specify completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (7), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) rate of return on investments based on current asset value;
- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

(d) The actuary retained by the commission shall annually prepare a report to the legislature, including the commentary on the actuarial valuation calculations for the plans named in paragraph (b) and summarizing the results of the actuarial valuation calculations. The commission-retained actuary shall include with the report the actuary's recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement funds by the required funding dates. The commission-retained actuary shall, as part of the quadrennial published experience study, include recommendations to the legislature on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

(e) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, as directed by the commission, the actuary retained by the commission shall prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), or (13), ~~or (14)~~, in the manner provided for in the standards for actuarial work adopted by the commission.

(f) The term of the contract between the commission and the actuary retained by the commission is two years, plus not to exceed two one-year extensions before competitive bidding. The contract is subject to competitive bidding procedures as specified by the commission.

Sec. 2. Minnesota Statutes 1996, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial experience studies. The assessment is 100 percent of the amount of

contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including the public employees police and fire plan consolidation accounts of the public employees retirement association, annual experience data collection and processing, and quadrennial experience studies.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14) (13), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-thirteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13), if there are not any participants in the plan specified in subdivision 11, paragraph (b), clause (14), or of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), if there are participants in the plan specified in subdivision 11, paragraph (b), clause (14).

(b) The assessment must be made following the completion of the actuarial valuation calculations and the experience analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 3. Minnesota Statutes 1996, section 3A.02, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] (a) A former legislator is entitled, upon written application to the director, to receive a retirement allowance monthly, if the person:

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

(2) has attained the normal retirement age;

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

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

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

(c) This paragraph applies to members of the legislature who terminate service as a legislator after June 30, 1997. The retirement allowance is an amount equal to the applicable rate or rates under paragraph (b) per year of service of the member's average monthly salary adjusted for that person on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent. The adjustment must be calculated by or, alternatively, the adjustment procedure must be specified by, the actuary retained by the legislative commission on pensions and retirement.

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

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

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

Sec. 4. Minnesota Statutes 1996, section 3A.02, subdivision 4, is amended to read:

Subd. 4. [DEFERRED ANNUITIES AUGMENTATION.] (a) The deferred annuity of any former legislator shall must be augmented as provided herein. The required reserves applicable to the deferred annuity, determined as of the date the benefit begins to accrue using an appropriate mortality table and an interest assumption of five six percent, shall must be augmented from the first of the month following termination of service, or July 1, 1973, whichever is later, to the first day of the month in which the annuity begins to accrue, at the rate of five percent per annum compounded annually until January 1, 1981, and thereafter at the rate of three percent per annum compounded annually until January 1 of the year in which the former legislator attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually.

(b) The retirement allowance of, or the survivor benefit payable on behalf of, a former member of the legislature who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board of directors of the Minnesota state retirement system and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 5. Minnesota Statutes 1996, section 11A.18, subdivision 9, is amended to read:

Subd. 9. [CALCULATION OF POSTRETIREMENT ADJUSTMENT.] (a) Annually, following June 30, the state board shall use the procedures in paragraphs (b), (c), and (d) to determine whether a postretirement adjustment is payable and to determine the amount of any postretirement adjustment.

(b) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the state board shall certify the

percentage increase. The amount certified ~~may~~ must not exceed the lesser of the difference between the preretirement interest assumption and postretirement interest assumption in section 356.215, subdivision 4d, paragraph (a), or ~~3.5~~ 2.5 percent. For the Minneapolis employees retirement fund, the amount certified must not exceed 3.5 percent.

(c) In addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:

(1) The state board shall determine the market value of the fund on June 30 of that year;

(2) The amount of reserves required for the annuity or benefit payable to an annuitant and benefit recipient of the participating public pension plans or funds shall must be determined by the commission-retained actuary as of the current June 30. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment. This amount is known as "eligible reserves." Each fund shall also report separately the amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment. This amount is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, each fund shall report separately as additional "eligible reserves" an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves shall must be separately reported as additional "noneligible reserves." The amount of "eligible" and "noneligible" required reserves shall must be certified to the board by the commission-retained actuary as soon as is practical following the current June 30;

(3) The state board shall determine the percentage increase certified under paragraph (b) multiplied by the eligible required reserves, as adjusted for mortality gains and losses under subdivision 11, determined under clause (2);

(4) The state board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under clause (3);

(5) The state board shall subtract the amount determined under clause (4) from the market value of the fund determined under clause (1);

(6) The state board shall adjust the amount determined under clause (5) by the cumulative current balance determined pursuant to clause (8) and any negative balance carried forward under clause (9);

(7) A positive amount resulting from the calculations in clauses (1) to (6) is the excess market value. A negative amount is the negative balance;

(8) The state board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and

(9) To calculate the postretirement adjustment under this paragraph based on investment performance for a fiscal year, the state board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under clause (2).

(d) The state board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(1) The total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by clause (2) shall ~~shall~~ must be certified to the state board by the commission-retained actuary. The total "eligible" required reserves shall ~~shall~~ must be determined by the commission-retained actuary on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and

(2) The state board shall add the percentage certified under paragraph (b) to any positive percentage calculated under paragraph (c). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under paragraph (c). The sum of these percentages shall ~~shall~~ must be carried to five decimal places and shall ~~shall~~ must be certified to each participating public pension fund or plan as the full postretirement adjustment percentage.

(e) A retirement annuity payable in the event of retirement before becoming eligible for social security benefits as provided in section 352.116, subdivision 3; 353.29, subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity shall ~~shall~~ must be the annuity amount payable until age 62 or 65, whichever applies. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

Sec. 6. Minnesota Statutes 1996, section 69.011, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means any home rule charter or statutory city, organized town or park district subject to chapter 398, the University of Minnesota, and, for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation, and, for purposes of the police state aid program only, the metropolitan airports commission, with respect to ~~employees~~ peace officers covered under chapter 422A, or the department of natural resources and the department of public safety with respect to peace officers covered under chapter 352B.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

(5) who is a member of a local police relief association to which section 69.77 applies, the state patrol retirement plan, the public employees police and fire fund, or the Minneapolis employees retirement fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (2), (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the board of regents. For the metropolitan airports commission, the clerk is the person designated by the commission. For the department of natural resources or the department of public safety, the clerk is the respective commissioner.

Sec. 7. Minnesota Statutes 1996, section 69.011, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATION FOR FIRE OR POLICE STATE AID.] (a) In order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31. Certification shall be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification shall be made to the commissioner in duplicate. Each copy of the certificate shall be duly executed and deemed an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and retain one copy.

(b) On or before March 15 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.

Except as provided in subdivision 2b, on or before March 15 annually, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause ~~(h)~~ (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year shall be apportioned. Each full month of employment of a qualifying officer during the calendar year shall entitle the employing municipality or county to credit for 1/12 of the payment for

employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer shall commence when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer shall be included in the certification of the number of peace officers by more than one municipality or county for the same month.

Sec. 8. Minnesota Statutes 1996, section 69.011, is amended by adding a subdivision to read:

Subd. 2b. [DEPARTMENTS OF NATURAL RESOURCES AND PUBLIC SAFETY.] (a) On or before July 1, 1997, the commissioner of natural resources shall certify one-half of the number of peace officers as defined in subdivision 1, clause (g), employed by the enforcement division during calendar year 1996 and the commissioner of public safety shall certify one-half of the number of peace officers as defined in subdivision 1, clause (g), employed by the bureau of criminal apprehension, the gambling enforcement division, and the state patrol division during calendar year 1996.

(b) On or before March 15, 1998, and annually on or before March 15, thereafter, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the enforcement division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the bureau of criminal apprehension, the gambling enforcement division, and the state patrol division.

(c) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

Sec. 9. Minnesota Statutes 1996, section 69.021, subdivision 7a, is amended to read:

Subd. 7a. [APPORTIONMENT OF POLICE STATE AID.] (a) The commissioner shall apportion the state peace officer aid to each municipality and to the county in the following manner:

(1) for all municipalities maintaining police departments ~~and the county,~~ counties, the department of natural resources, and the department of public safety, the police state aid must be distributed in proportion to the total number of peace officers, as determined under section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality ~~and by the county~~ employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) No municipality entitled to receive state peace officer aid may be apportioned less state peace officer aid for any year under Laws 1976, chapter 315, than the amount which was apportioned to it for calendar year 1975 based on premiums reported to the commissioner for calendar year 1974; provided, the amount of state peace officer aid to other municipalities within the county and to the county must be adjusted in proportion to the total number of peace officers in the municipalities and the county, so that the amount of state peace officer aid apportioned does not exceed the amount of state peace officer aid available for apportionment.

Sec. 10. Minnesota Statutes 1996, section 69.021, subdivision 10, is amended to read:

Subd. 10. [REDUCTION.] (a) The commissioner of revenue shall reduce the apportionment of

police state aid under subdivisions 5, paragraph (b), 6, and 7 7a, for eligible employer units by any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and municipalities, the amount in excess of the employer's total prior calendar year obligation under section 353.65, as certified by the executive director of the public employees retirement association; and

(2) for the department of natural resources and for the department of public safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota state retirement system.

(c) The total shall be deposited in a separate excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Sec. 11. Minnesota Statutes 1996, section 69.031, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF STATE AID.] ~~(4)~~ (a) The municipal treasurer, on receiving the fire state aid, shall within 30 days after receipt transmit it to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality; but if there is no relief association organized, or if any association dissolve, be removed, or has heretofore dissolved, or has been removed as trustees of state aid, then the treasurer of the municipality shall keep the money in the municipal treasury as provided for in section 424A.08 and shall be disbursed only for the purposes and in the manner set forth in that section.

~~(2)~~ (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

~~(a)~~ (1) For a municipality in which a local police relief association exists and all peace officers are members of the association, the total state aid shall be transmitted to the treasurer of the relief association within 30 days of the date of receipt, and the treasurer of the relief association shall immediately deposit the total state aid in the special fund of the relief association;

~~(b)~~ (2) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, the total state aid shall be applied toward the municipality's employer contribution to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or

~~(e)~~ (3) For a municipality other than a city of the first class with a population of more than 300,000 in which both a police relief association exists and police retirement coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit the total state aid to the treasurer of the relief association as provided in clause (a), to use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (b), or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (b) on the basis of the respective number of active full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total police state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of police officers covered by the fund each payroll period and to transmit the balance to the police relief association.

~~(3)~~ (c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund pursuant to section 353.65, subdivision 3.

(4) (d) The designated metropolitan airports commission official, upon receipt of the police state aid for the metropolitan airports commission, shall apply the total police state aid toward the commission's employer contribution to the Minneapolis employees retirement fund under section 422A.101, subdivision 2a.

(e) For the department of natural resources and for the department of public safety, the department must apply the total police state aid toward the employer contribution of the department to the state patrol retirement plan under section 352B.02, subdivision 1c.

Sec. 12. [124.2141] [AID ADJUSTMENTS DUE TO CHANGES IN EMPLOYER RETIREMENT CONTRIBUTION RATES.]

Subdivision 1. [AID ADJUSTMENT.] Beginning in fiscal year 1998 and each year thereafter, the commissioner of children, families, and learning shall adjust state aid payments to school operating funds for independent school district No. 625, independent school district No. 709 and special school district No. 1, by the net amount of clauses (1) and (2) and for all other districts, including charter schools, but excluding any education organizations that are prohibited from receiving direct state aids under section 124.193 or 124.32, subdivision 12, by the net amount of clauses (1), (2) and (3):

(1) a decrease equal to each district's share of the fiscal year 1997 adjustment effected under Minnesota statutes 1996, section 124.2139;

(2) an increase equal to one percent of the salaries paid to members of the general plan of the public employees retirement association in fiscal year 1997, multiplied by 0.35 for fiscal year 1998 and 0.70 each year thereafter;

(3) a decrease equal to 2.34 percent of the salaries paid to members of the teachers retirement association in fiscal year 1997.

Subd. 2. [APPROPRIATION AND ESTIMATED NET SAVINGS.] The amounts necessary to pay any positive net adjustments under this section to any school district are appropriated annually from the general fund to the commissioner of children, families and learning. The estimated net general fund savings under this section is \$29,819,000 in fiscal year 1998, and \$26,997,000 in each fiscal year thereafter.

Subd. 3. [LIMITS ON ADJUSTMENTS AND POTENTIAL REDUCTIONS.] Increases to any school districts under subdivision 1, clause (2), and decreases under subdivision 1, clauses (1) and (3), are limited to the fiscal year 1999 amounts. The commissioner of children, families and learning may permanently reduce the adjustments to school districts under subdivision 1, clauses (1) and (2), in the same manner as prescribed for non-school jurisdictions under section 273.13985, subdivision 2. The commissioner may, from time to time, require that the most recent fiscal year payroll information be certified by the executive director of the teachers retirement association. For any school district where the newly certified teachers retirement association payroll is significantly lower than the fiscal 1997 amount as determined by the commissioner, the commissioner shall recalculate the lower reduction under subdivision 1, clause (3), and shall permanently reduce the adjustment amount in subsequent years.

Subd. 4. [EFFECT OF REORGANIZATIONS.] The commissioner of children, families, and learning shall reapportion the aid adjustments to school districts under this section to account for significant changes in boundaries or consolidations, as determined by the commissioner. If a school district is dissolved, or a school district function thereof is assumed by either the state or a non-public organization, adjustments for all or the appropriate fraction of the total payroll under this section must terminate.

Subd. 5. [ADJUSTMENT TERMINATION.] All adjustments under this section terminate on June 30, 2020.

Sec. 13. [273.13985.] [AID FOR PUBLIC EMPLOYEES RETIREMENT ASSOCIATION EMPLOYER CONTRIBUTION RATE INCREASE.]

Subdivision 1. [AID TO OFFSET RATE INCREASE.] Beginning with the December 26, 1997, payment, and according to the schedule for payment of local aid under section 477A.015 thereafter, the commissioner of revenue shall pay to each city, county, town and other non-school jurisdiction an amount equal to 0.35 percent of the fiscal year 1997 payroll for employees who were members of the general plan of the public employees retirement association. Except for the December 1997 distribution under this section, the amount of aid must be certified before September 1 of the year preceding the distribution year to the affected local government. The executive director of the public employees retirement association shall certify the general plan fiscal year covered payroll and other information requested by the commissioner of revenue, on or before August 1, 1997, and in subsequent years where necessary, in order to facilitate administration of this section. The amount necessary to make these aid payments is appropriated annually from the general fund to the commissioner of revenue. Expenditures under this section are estimated to be \$7,942,500 in fiscal year 1998, and \$15,885,000 in each subsequent fiscal year, less any future reductions under subdivision 2.

Subd. 2. [LIMIT ON AID AND POTENTIAL FUTURE PERMANENT AID REDUCTIONS.] The aid amount received by any jurisdiction in fiscal year 2000 or any year thereafter may not exceed the amount it received in fiscal year 1999. The commissioner may, from time to time, request the most recent fiscal year payroll information by jurisdiction to be certified by the executive director of the public employees retirement association. For any jurisdiction where newly certified public employees retirement association general plan payroll is significantly lower than the fiscal 1997 amount, as determined by the commissioner, the commissioner shall recalculate the aid amount based on the most recent fiscal year payroll information, certify the recalculated aid amount for the next distribution year, and permanently reduce the aid amount to that jurisdiction.

Subd. 3. [EFFECT OF REORGANIZATIONS.] The commissioner of revenue may adjust the aid amounts for separate jurisdictions to account for significant changes in boundaries or in the form of government, as determined by the commissioner. If a local government function and the associated public employees retirement association general plan payroll is assumed by either the state, or a non-public organization, the aid amounts attributable to the function under this section must terminate.

Subd. 4. [AID TERMINATION.] The aid provided under this section terminates on June 30, 2020.

Sec. 14. Minnesota Statutes 1996, section 352.01, subdivision 25, is amended to read:

Subd. 25. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a covered employee after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

Sec. 15. Minnesota Statutes 1996, section 352.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to 4.07 4.0 percent of salary. These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 16. Minnesota Statutes 1996, section 352.04, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] (a) The employer contribution to the fund must be equal to 4.2 4.0 percent of salary.

~~(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.~~

~~(c) If the legislative commission on pensions and retirement, based on the most recent valuation performed by its actuary, determines that the total amount raised by the employer and employee contributions under subdivision 2 and paragraph (b) is less than the actuarial requirements determined under section 356.215, the employer and employee rates must be increased by equal amounts as necessary to meet the actuarial requirements. The employee rate may not exceed 4.15 percent of salary and the employer rate may not exceed 4.29 percent of salary. The increases are effective on the next January 1 following the determination by the commission. The executive director of the Minnesota state retirement system shall notify employing units of any increases under this paragraph.~~

Sec. 17. Minnesota Statutes 1996, section 352.115, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) will apply. The employee's average salary, as defined in subdivision 2, multiplied by ~~one~~ the percent specified in section 356.19, subdivision 1, per year of allowable service for the first ten years and ~~1.5~~ the percent specified in section 356.19, subdivision 2, for each later year of allowable service and pro rata for completed months less than a full year shall determine the amount of the retirement annuity to which the employee is entitled.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1. The employee's average salary, as defined in subdivision 2, multiplied by ~~1.5~~ the percent specified in section 356.19, subdivision 2, for each year of allowable service and pro rata for months less than a full year shall determine the amount of the retirement annuity to which the employee is entitled.

Sec. 18. Minnesota Statutes 1996, section 352.72, subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF DEFERRED ANNUITY.] (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section ~~shall~~ does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable

until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 19. Minnesota Statutes 1996, section 352.92, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] ~~Beginning with the first full pay period after July 1, 1984, in lieu of employee contributions payable under section 352.04, subdivision 2,~~ Employee contributions by of covered correctional employees must be in an amount equal to 4.90 ~~5.50~~ percent of salary.

Sec. 20. Minnesota Statutes 1996, section 352.92, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] ~~In lieu of employer contributions payable under section 352.04, subdivision 3,~~ The employer shall contribute for covered correctional employees an amount equal to 6.75 ~~7.70~~ percent of salary.

Sec. 21. Minnesota Statutes 1996, section 352.93, subdivision 2, is amended to read:

Subd. 2. [CALCULATING MONTHLY ANNUITY.] The monthly annuity under this section must be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by 2.5 ~~the percent specified in section 356.19, subdivision 5.~~ However, the monthly annuity must not exceed 75 percent of the average monthly salary.

Sec. 22. Minnesota Statutes 1996, section 352.93, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS; DURATION AND AMOUNT ANNUITY ACCRUAL.] The annuity under this section shall ~~must~~ begin to accrue as provided in section 352.115, subdivision 8., and must be paid for an additional 84 full calendar months or to the first of the month following the month in which the employee attains normal retirement age, whichever occurs first, except that payment must not cease before the first of the month following the month in which the employee becomes 62. It must then be reduced to the amount as calculated at normal retirement age under section 352.115, except that if this amount, when added to that portion of the social security benefit based on state service the employee would be eligible to receive at the time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to the social security benefit will equal the amount payable under subdivision 2. If the employee retired prior to age 55, the reduced benefit as calculated under section 352.115 must be actuarially reduced as provided in subdivision 2a.

When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan or the unclassified employees retirement program between the age of 58 and normal retirement age shall receive a partial return of correctional contributions at retirement with six percent interest based on the following formula:

Employee contributions		Years and complete
contributed as a		months of regular
correctional employee		service between
in excess of the		age 58 and the
contributions the		normal retirement age
employee would have	X
contributed as a		number of years between
regular employee		age 58 and normal
		retirement age

Sec. 23. Minnesota Statutes 1996, section 352.93, is amended by adding a subdivision to read:

Subd. 3a. [OPTIONAL ANNUITIES.] The board may establish optional annuity forms to pay a higher amount from the date of retirement until an employee is first eligible to draw social security benefits or up to the age the employee is eligible to receive unreduced social security benefits, at which time the monthly benefits must be reduced. The optional annuity forms must be actuarially equivalent to the normal single life annuity form provided in subdivision 2. The optional annuity forms must be approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 24. [352.931] [SURVIVOR BENEFITS.]

Subdivision 1. [SURVIVING SPOUSE BENEFIT.] (a) If the correctional employee was at least age 50, has credit for at least three years allowable service, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for life equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death. The election may be made at any time after the date of death of the employee. The surviving spouse benefit begins to accrue as of the first of the month next following the date on which the application for the benefit was filed.

(b) If the employee was under age 50, dies, and had credit for at least three years of allowable service credit on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits under this paragraph may apply for the annuity at any time after the employee's death. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(c) The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

Subd. 2. [SURVIVING SPOUSE COVERAGE; TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 1, the surviving spouse of a deceased employee may elect to receive survivor coverage in a term certain of ten, 15, or 20 years. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1 and must be approved by the actuary retained by the legislative commission on pensions and retirement. The optional annuity ceases upon the expiration of the term certain period. If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Subd. 3. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 1, a dependent child as defined in section 352.01, subdivision 26, is eligible for a dependent child survivor benefit. Benefits to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15 on the date of death. If the child is 15 years or older on the date of death, the benefit is payable for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent joint and survivor optional annuity using the age of the employee and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account, with the amount of the benefit payable to each child to be determined based on the portion of the total eligibility period that each child is eligible. The process for calculating the dependent child survivor benefit must be approved by the actuary retained by the legislative commission on pensions and retirement.

Subd. 4. [DEATH REFUND.] An amount equal to the excess, if any, of the accumulated

contributions credited to the account of the deceased employee in excess of the total of the benefits paid to the surviving spouse and surviving child or children must be paid to the deceased employee's last designated beneficiary or, if none, as specified under section 352.12, subdivision 1.

Subd. 5. [APPLICATION.] The benefit elections under this section must be made on an application form prescribed by the executive director and must be filed with the executive director.

Sec. 25. Minnesota Statutes 1996, section 352.95, subdivision 1, is amended to read:

Subdivision 1. [JOB-RELATED DISABILITY.] A covered correctional employee who becomes disabled and physically unfit to perform the duties of the position as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty that makes the employee physically or mentally unable to perform the duties, is entitled to a disability benefit based on covered correctional service only. The benefit amount must equal 50 percent of the average salary defined in section 352.93, plus an additional 2-1/2 percent equal to that specified in section 356.19, subdivision 5, for each year of covered correctional service in excess of 20 years, ten months, prorated for completed months.

Sec. 26. Minnesota Statutes 1996, section 352.95, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT STATUS AT NORMAL RETIREMENT AGE.] The disability benefit paid to a disabled correctional employee under this section shall terminate at the end of the month in which the employee reaches age 62. If the disabled correctional employee is still disabled when the employee reaches age 62, the employee shall be deemed to be a retired employee. If the employee had elected an optional annuity under subdivision 1a, the employee shall receive an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 1a, the employee may within 90 days of attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later, either elect to receive a normal retirement annuity computed in the manner provided in section ~~352.115~~ 352.93 or elect to receive an optional annuity as provided in section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made within 90 days before attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. ~~The reduction for retirement before normal retirement age as provided in section 352.116, subdivision 1 or 1a, does not apply. The savings clause provision of section 352.93, subdivision 3, applies.~~ If an optional annuity is elected, the optional annuity shall begin to accrue on the first of the month following the month in which the employee reaches age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

Sec. 27. Minnesota Statutes 1996, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTIONS.] Each member shall pay a sum equal to ~~8.92~~ 8.40 percent of the member's salary, which shall constitute the member contribution to the fund.

Sec. 28. Minnesota Statutes 1996, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. [EMPLOYER CONTRIBUTIONS.] (a) In addition to member contributions, department heads shall pay a sum equal to ~~14.88~~ 12.60 percent of the salary upon which deductions were made, which shall constitute the employer contribution to the fund. Department contributions must be paid out of money appropriated to departments for this purpose, including police state aid under sections 69.011 through 69.031.

(b) ~~By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.~~

Sec. 29. Minnesota Statutes 1996, section 352B.08, subdivision 2, is amended to read:

Subd. 2. [NORMAL RETIREMENT ANNUITY.] The annuity must be paid in monthly installments. The annuity shall be equal to the amount determined by multiplying the average monthly salary of the member by ~~2.65~~ the percent specified in section 356.19, subdivision 6, for each year and pro rata for completed months of service.

Sec. 30. Minnesota Statutes 1996, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any member who has become at least 50 years old, ~~or former member if service ended after June 30, 1989~~, and who has at least three years of allowable service is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, ~~reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the member deferred receipt of the annuity from the day the annuity begins to accrue to age 55~~ by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

Sec. 31. Minnesota Statutes 1996, section 352B.10, subdivision 1, is amended to read:

Subdivision 1. [INJURIES, PAYMENT AMOUNTS.] Any member who becomes disabled and physically or mentally unfit to perform duties as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, shall receive disability benefits while disabled. The benefits must be paid in monthly installments equal to the member's average monthly salary multiplied by ~~53~~ 60 percent, plus an additional ~~2.65~~ percent equal to that specified in section 356.19, subdivision 6, for each year and pro rata for completed months of service in excess of 20 years, if any.

Sec. 32. Minnesota Statutes 1996, section 352B.30, is amended by adding a subdivision to read:

Subd. 4. [1997 POSTRETIREMENT FUND INTEREST CHANGES.] The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 33. Minnesota Statutes 1996, section 352C.031, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT ALLOWANCE FORMULA.] (a) This paragraph applies to constitutional officers who terminate that service before July 1, 1997. The average salary multiplied by 2-1/2 percent for each year of allowable service and pro rata for completed months less than a full year shall determine the amount of the normal retirement allowance.

(b) This paragraph applies to constitutional officers who terminate that service after June 30, 1997. The retirement allowance is an amount equal to the rate under paragraph (a) per year of service of the constitutional officer's average monthly salary adjusted for that person on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent. The adjustment must be calculated by or, alternatively, the adjustment procedure must be specified by the actuary retained by the legislative commission on pensions and retirement.

Sec. 34. Minnesota Statutes 1996, section 352C.033, is amended to read:

352C.033 [DEFERRED ANNUITIES AUGMENTATION.]

(a) The deferred retirement allowance for any former constitutional officer shall must be augmented as provided in this section. The required reserves applicable to the deferred retirement allowance, determined as of the date the retirement allowance begins to accrue using the appropriate mortality table and an interest assumption of ~~five~~ six percent, shall be augmented from the first of the month following termination of service as a constitutional officer, or January 1, 1979, whichever is later, to the first day of the month in which the annuity begins to accrue, at the rate of five percent per annum compounded annually until January 1, 1981, and thereafter at the

rate of three percent per annum compounded annually until January 1 of the year in which the former constitutional officer attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually.

(b) The retirement allowance of, or the survivor benefit payable on behalf of, a former constitutional officer who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 35. Minnesota Statutes 1996, section 353.01, subdivision 37, is amended to read:

Subd. 37. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

Sec. 36. Minnesota Statutes 1996, section 353.27, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION.] The employee contribution shall be an amount (a) for a "basic member" equal to ~~8.23~~ 8.75 percent of total salary; and (b) for a "coordinated member" equal to ~~4.23~~ 4.75 percent of total salary. These contributions ~~shall~~ must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution ~~shall~~ must be based on the total salary received from all sources.

Sec. 37. Minnesota Statutes 1996, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL EMPLOYER CONTRIBUTION.] (a) An additional employer contribution ~~shall~~ must be made equal to (a) ~~2-1/2~~ 2.68 percent of the total salary of each "basic member"; and (b) ~~one-quarter-of-one~~ .43 percent of the total salary of each "coordinated member." These contributions ~~shall~~ must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

(b) This subdivision is repealed once the actuarial value of the assets of the plan equal or exceed the actuarial accrued liability of the plan as determined by the actuary retained by the legislative commission on pensions and retirement under section 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

Sec. 38. Minnesota Statutes 1996, section 353.29, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph, in conjunction with section 353.30, subdivisions 1, 1a, 1b, and 1c, applies to any member who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) will apply. The average salary as defined in subdivision 2, multiplied by ~~two~~ the percent specified in section 356.19, subdivision 3, for each year of allowable service for the first ten years and thereafter by ~~2.5~~ the percent specified in section 356.19, subdivision 4, per year of allowable service and completed months less than a full year for the "basic member," and ~~one~~ the percent specified in section 356.19, subdivision 1, for each year of allowable service for the first ten years and thereafter by ~~1.5~~ the percent specified in section 356.19, subdivision 2, per year of allowable service and completed months less than a full year for the "coordinated member," shall determine the amount of the "normal" retirement annuity.

(b) This paragraph applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher

than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions 1, 1a, 1b, and 1c. The average salary, as defined in subdivision 2, multiplied by 2.5 the percent specified in section 356.19, subdivision 4, for each year of allowable service and completed months less than a full year for a basic member and 4.5 the percent specified in section 356.19, subdivision 2, per year of allowable service and completed months less than a full year for a coordinated member, shall determine the amount of the normal retirement annuity.

Sec. 39. Minnesota Statutes 1996, section 353.651, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] The average salary as defined in subdivision 2, multiplied by 2.65 the percent specified in section 356.19, subdivision 6, per year of allowable service determines the amount of the normal retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or firefighter, the annuity representing such service is computed under sections 353.29 and 353.30.

Sec. 40. Minnesota Statutes 1996, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] A member of the police and fire fund who becomes disabled and physically unfit to perform duties as a police officer or firefighter subsequent to June 30, 1973, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform duties as a police officer or firefighter for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits must be in an amount equal to 53 60 percent of the "average salary" under subdivision 3, plus an additional 2.65 percent specified in section 356.19, subdivision 6, of said average salary for each year of service in excess of 20 years. Should disability under this subdivision occur before the member has at least five years of allowable service credit in the police and fire fund, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 41. Minnesota Statutes 1996, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity, if any, accruing under subdivision 1, or sections 353.34, subdivision 3, and 353.68, subdivision 4, shall must be computed in the manner provided in said sections, on the basis of allowable service prior to termination of public service and augmented as provided herein. The required reserves applicable to a deferred annuity, or to an annuity for which a former member was eligible but had not applied, or to any deferred segment of an annuity shall be determined as of the date the annuity begins to accrue and shall be augmented from the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue, at the rate of five percent per annum compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent per annum compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the present value of the annuity. Uninterrupted service for the purpose of this subdivision shall mean periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the service restored thereby shall be considered as continuous with the next period of service for which the employee has credit with this association. The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee. This section shall not reduce the annuity otherwise payable under this chapter. This subdivision shall apply to deferred annuitants of record on July 1, 1971, and to employees who thereafter become deferred annuitants; it shall also apply from July 1, 1971, to former members who make application for an annuity after July 1, 1973.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post

retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 42. Minnesota Statutes 1996, section 353A.08, subdivision 1, is amended to read:

Subdivision 1. [ELECTION OF COVERAGE BY CURRENT RETIREES.] A person who is receiving a service pension, disability benefit, or survivorship survivor benefit is eligible to elect benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided under the relief association benefit plan in effect on the effective date of the consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage are limited to participation in the Minnesota postretirement investment fund for any future postretirement adjustments based on the amount of the benefit or pension payable on December 31, if December 31 is the effective date of consolidation, or on the December 1 following the effective date of the consolidation, if other than December 31. The survivorship survivor benefit payable on behalf of any service pension or disability benefit recipient who elects benefit coverage under the public employees police and fire fund benefit plan must be calculated under the relief association benefit plan and is subject to participation in the Minnesota postretirement investment fund for any future postretirement adjustments based on the amount of the survivorship survivor benefit payable.

A survivor benefit calculated under the relief association benefit plan which is first payable after June 30, 1997, to the surviving spouse of a retired member of a consolidation account who, before July 1, 1997, chose to participate in the Minnesota postretirement investment fund as provided under this subdivision must be increased on the effective date of the survivor benefit on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

By electing the public employees police and fire fund benefit plan, a current service pension or disability benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the pension or benefit for at least seven months, or any survivor benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the benefit on the person's own behalf or in combination with a prior applicable service pension or disability benefit for at least seven months is eligible to receive a partial adjustment payable from the Minnesota postretirement investment fund under section 11A.18, subdivision 9.

The election by any pension or benefit recipient must be made on or before the deadline established by the board of the public employees retirement association in a manner that recognizes the number of persons eligible to make the election and the anticipated time required to conduct any required benefit counseling.

Sec. 43. Minnesota Statutes 1996, section 353A.08, subdivision 2, is amended to read:

Subd. 2. [ELECTION OF COVERAGE BY CURRENT DEFERRED RETIREES.] (a) Any person who has terminated active employment as a police officer or firefighter, whichever applies, with the municipality, has sufficient credit for service to entitle the person to an eventual service pension and has not taken a refund of accumulated member contributions, if applicable, shall have the option to elect to have benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage shall be the provisions specified in subdivision 1.

The election shall be made when the person files an application for receipt of the deferred service pension and shall accompany that application.

(b) The retirement annuity for a deferred member of a consolidated local relief association

which consolidated before July 1, 1997, who elected the relevant provisions of the public employees police and fire fund benefit plan under subdivision 1 must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board of trustees of the public employees retirement association and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 44. Minnesota Statutes 1996, section 353A.083, is amended by adding a subdivision to read:

Subd. 3. [PRE-1997 CONSOLIDATION.] (a) For any consolidation plan account in effect on July 1, 1997, the applicable benefit plan coverage defined in paragraph (b) or (c) applies unless the consolidation account's city approves the extension of the post-June 30, 1997, public employees police and fire fund benefit plan to the consolidation account members.

(b) If the applicable municipality has approved the July 1, 1993, public employees police and fire fund benefit provisions, but has not approved the extension of the post-June 30, 1997, public employees police and fire fund benefit provisions:

(1) the benefit accrual rate for calculating retirement annuities that apply to consolidation account members who have elected or elect coverage under the provisions of the public employees police and fire fund benefit plan is 2.9 percent of average salary under section 353.651, subdivision 2, per year of allowable service;

(2) the optional survivor annuities payable to the survivors of these consolidated members who elected coverage under the provisions of the public employees police and fire fund benefit plan must be determined using a benefit accrual rate of 2.9 percent of average salary under section 353.651, subdivision 2, per year of the member's allowable service;

(3) the disability benefit payable for these consolidated members who elected or elect coverage under the provisions of the public employees police and fire fund benefit plan and:

(i) who become disabled in the line of duty, as defined under section 353.656, subdivision 1, is an amount equal to 58 percent of average salary under section 353.651, subdivision 2, plus an additional 2.9 percent of that average salary for each year of service in excess of 20 years; or

(ii) who become disabled because of sickness or injury occurring while not on duty, as defined under section 353.656, subdivision 3, is an amount equal to 43.50 percent of average salary under section 353.651, subdivision 2, plus an additional 2.9 percent of that average salary for each year of service in excess of 15 years.

(c) If the applicable municipality has not approved the July 1, 1993, public employees police and fire fund benefit provisions, and has not approved the extension of the post-June 30, 1997, public employees police and fire fund benefit provisions:

(1) the benefit accrual rate for calculating retirement annuities that apply to consolidation account members who have elected or elect coverage under the provisions of the public employees police and fire fund benefit plan is 2.74 percent of average salary under section 353.651, subdivision 2, per year of allowable service;

(2) the optional survivor annuities payable to the survivors of these consolidated members who elected coverage under the provisions of the public employees police and fire fund benefit plan must be determined using a benefit accrual rate of 2.74 percent of average salary under section 353.651, subdivision 2, per year of the member's allowable service;

(3) the disability benefit payable for consolidated members who elected or elect the coverage under the provisions of the public employees police and fire fund benefit plan and:

(i) who become disabled in the line of duty, as defined under section 353.656, subdivision 1, is an amount equal to 54.80 percent of the average salary under section 353.651, subdivision 2, plus an additional 2.74 percent of that average salary for each year of service in excess of 20 years; or

(ii) who become disabled because of sickness or injury occurring while not on duty, as defined under section 353.656, subdivision 3, is an amount equal to 41.10 percent of the average salary under section 353.651, subdivision 2, plus an additional 2.74 percent of that average salary for each year of service in excess of 15 years.

Sec. 45. Minnesota Statutes 1996, section 354.05, subdivision 38, is amended to read:

Subd. 38. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

Sec. 46. Minnesota Statutes 1996, section 354.42, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE.] The employee contribution to the fund ~~shall be~~ is an amount equal to ~~6.5~~ 5.0 percent of the salary of every coordinated member and ~~10.5~~ 9.0 percent of the salary of every basic member. This contribution ~~shall~~ must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, ~~such~~ the member's employee contribution ~~shall~~ must be based on the entire salary received.

Sec. 47. Minnesota Statutes 1996, section 354.42, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER.] The employer contribution to the fund ~~shall be~~ is an amount equal to ~~4-1/2~~ 5.0 percent of the salary of each coordinated member and ~~8-1/2~~ 9.0 percent of the salary of each basic member.

Sec. 48. Minnesota Statutes 1996, section 354.42, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL EMPLOYER CONTRIBUTION.] (a) To amortize the unfunded actuarial accrued liability computed under the entry age actuarial cost method and disclosed under the annual actuarial valuations prepared by the commission-retained actuary under section 356.215, an additional employer contribution ~~shall~~ must be made in the amount of ~~3.64~~ 1.64 percent of the salary of each member.

(b) This contribution must be made in the manner provided in section 354.52, subdivision 4.

(c) This subdivision is repealed once the actuarial value of the assets of the plan equal or exceed the actuarial accrued liability of the plan as determined by the actuary retained by the legislative commission on pensions and retirement under section 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

~~By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the additional employer contribution rate in effect and whether that amount is less than, the same as, or more than the required amortization contribution determined under section 356.215.~~

Sec. 49. Minnesota Statutes 1996, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) The formula retirement annuity ~~hereunder shall~~ must be computed in accordance with the applicable provisions of the formulas stated in clause (2) or (4) on the basis of each member's average salary for the period of the member's formula service credit.

For all years of formula service credit, "average salary," for the purpose of determining the member's retirement annuity, means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511, for the highest five successive years of formula service credit provided,

however, that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of formula service credit if this service credit is less than five years.

(2) This clause, in conjunction with clause (3), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless clause (4), in conjunction with clause (5), produces a higher annuity amount, in which case clause (4) applies. The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.13 <u>the</u> percent <u>specified in</u> <u>section 356.19,</u> <u>subdivision 1,</u> per year	2.13 <u>the</u> percent <u>specified in</u> <u>section 356.19,</u> <u>subdivision 3,</u> per year
Each year of service thereafter	1.63 <u>the</u> percent <u>specified in</u> <u>section 356.19,</u> <u>subdivision 2,</u> per year	2.63 <u>the</u> percent <u>specified in</u> <u>section 356.19,</u> <u>subdivision 4,</u> per year

(3)(i) This clause applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under clause (2), in conjunction with this clause than when calculated under clause (4), in conjunction with clause (5).

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

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in clause (2), without any reduction by reason of early retirement.

(4) This clause applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this clause and in conjunction with clause (5), is higher than it is when calculated under clause (2), in conjunction with clause (3). The average salary, as defined in clause (1) multiplied by ~~2.63~~ the percent specified by section 356.19, subdivision 4, for each year of service for a basic member and by ~~1.63~~ the percent specified in section 356.19, subdivision 2, for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the member is entitled.

(5) This clause applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under clause (4) in conjunction with this

clause than when calculated under clause (2), in conjunction with clause (3). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in clause (4) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 50. Minnesota Statutes 1996, section 354.44, is amended by adding a subdivision to read:

Subd. 6a. [EXTENSION OF 1997 PERMANENT INCREASE.] (a) A percentage of the permanent increase for benefit recipients effective July 1, 1997, under section 68, as specified in paragraph (b), is payable to:

(1) a member who terminates service after June 30, 1997, and whose benefit begins to accrue during the period of July 2, 1997, to July 1, 2002, based on the member's age at retirement.

(2) a member who is determined to be totally and permanently disabled under section 354.05, subdivision 14, after June 30, 1997, and whose benefit begins to accrue during the period of July 2, 1997, to July 1, 2002, based on the member's age at disability.

(3) the survivor of a member who dies after June 30, 1997, and whose benefit begins to accrue during the period of July 2, 1997, to July 1, 2002.

(b) The percentage of the permanent increase is the amount designated for the applicable beginning benefit accrual date, as follows:

<u>Beginning Benefit Accrual Date</u>	<u>Percentage of Permanent Increase</u>
<u>July 2, 1997, to July 1, 1998</u>	<u>50 percent</u>
<u>July 2, 1998, to July 1, 1999</u>	<u>40 percent</u>
<u>July 2, 1999, to July 1, 2000</u>	<u>30 percent</u>
<u>July 2, 2000, to July 1, 2001</u>	<u>20 percent</u>
<u>July 2, 2001, to July 1, 2002</u>	<u>10 percent</u>

Sec. 51. Minnesota Statutes 1996, section 354.53, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE AND EMPLOYER CONTRIBUTIONS.] Any employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in section 192.262, shall ~~may~~ obtain credit for the period of military service but shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. The member shall obtain credit by paying into the fund an employee contribution based upon the salary of the member at the date of return from military service. ~~The amount of this contribution shall be as follows:~~

<u>Period</u>	<u>Basic Member</u>	<u>Coordinated Member</u>
<u>July 1, 1973</u>	<u>8 percent</u>	<u>4 percent</u>
<u>thru June 30, 1979</u>		
<u>July 1, 1979</u>		
<u>and 8.5 percent</u>	<u>4.5 percent</u>	
<u>thereafter</u>		

The contributions specified in this subdivision shall be contribution rates in effect at the time that the military service was performed multiplied by the annual salary rate of the member for the year beginning with the date of return from military service and the number of years of military

service together with interest thereon at an annual rate of 8.5 percent compounded annually from the time the military service was rendered to the first date of payment. The employer contribution and additional contribution provided in section 354.42 ~~shall~~ must be paid by the employing unit at the rates in effect at the time that the military service was performed, applied to the annual salary rate of the member for the year beginning with the date of return from military service, in the manner provided in section 354.52, subdivision 4.

Sec. 52. Minnesota Statutes 1996, section 354.55, subdivision 11, is amended to read:

Subd. 11. [DEFERRED ANNUITY; AUGMENTATION.] (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision ~~shall be~~ is governed pursuant to section 354.44, subdivision 1, or 354.60.

(b) The amount of the deferred retirement annuity ~~shall be~~ is determined by section 354.44, subdivision 6, and augmented as provided in this subdivision. The required reserves related to that portion of the annuity which had accrued when the member ceased to render teaching service shall must be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall must be five percent compounded annually commencing July 1, 1971, until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period shall must be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with this fund. If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service shall must be those applicable to new members. The mortality table and interest assumption used to compute the annuity shall must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purposes of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) In no case shall the annuity payable under this subdivision be less than the amount of annuity payable pursuant to section 354.44, subdivision 6.

(d) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, clause (3) or (5), shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

(e) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

(f) The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 53. [356.19] [RETIREMENT BENEFIT FORMULA PERCENTAGES.]

Subdivision 1. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.2 percent.

Subd. 2. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.7 percent.

Subd. 3. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.2 percent.

Subd. 4. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.7 percent.

Subd. 5. [CORRECTIONAL PLAN MEMBERS.] The applicable benefit accrual rate is 2.4 percent.

Subd. 6. [STATE TROOPERS PLAN AND POLICE/FIRE PLAN MEMBERS.] The applicable benefit accrual rate is 3.0 percent.

Subd. 7. [JUDGES PLAN.] The applicable benefit accrual rate is 2.7 percent.

Subd. 8. [JUDGES PLAN.] The applicable benefit accrual rate is 3.2 percent.

Subd. 9. [FUTURE BENEFIT ACCRUAL RATE INCREASES.] After January 2, 1998, benefit accrual rate increases under this section must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 54. Minnesota Statutes 1996, section 356.20, subdivision 2, is amended to read:

Subd. 2. [COVERED PUBLIC PENSION FUNDS.] This section applies to the following public pension plans:

- (1) State employees retirement fund.
- (2) Public employees retirement fund.
- (3) Teachers retirement association.
- (4) State patrol retirement fund.
- (5) Minneapolis teachers retirement fund association.
- (6) St. Paul teachers retirement fund association.
- (7) Duluth teachers retirement fund association.
- (8) Minneapolis employees retirement fund.
- (9) University of Minnesota faculty retirement plan.
- (10) University of Minnesota faculty supplemental retirement plan.
- (11) Judges retirement fund.
- (12) Any police or firefighter's relief association enumerated in section 69.77, subdivision 1a or 69.771, subdivision 1.
- (13) Public employees police and fire fund.
- (14) Minnesota state retirement system correctional officers retirement fund.
- ~~(15) Public employees local government correctional service retirement plan.~~

Sec. 55. Minnesota Statutes 1996, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal, the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7), and, two years after each set of quadrennial experience studies, quadrennial projection valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7), and of any other retirement plan enumerated in section 3.85, subdivision 11, paragraph (b), for which it determines that the analysis is beneficial. The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

(b) The quadrennial projection valuations required under paragraph (a) are intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with the executive director of the legislative commission on pensions and retirement, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commission as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Sec. 56. Minnesota Statutes 1996, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) For funds governed by chapters ~~chapter~~ 352B, 353C, and by sections 352.90 through to 352.951 and 353.63 through to 353.68, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of ~~five~~ six percent, and a future salary increase assumption of 6.5 percent.

(b) For funds governed by chapter 354A, the actuarial valuation must use preretirement and postretirement assumptions of 8.5 percent and a future salary increase assumption of 6.5 percent, but the actuarial valuation must reflect the payment of postretirement adjustments to retirees, based on the methods specified in the bylaws of the fund as approved by the legislature. For a fund governed by chapter 422A, the actuarial valuation shall use a preretirement interest assumption of six percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.04 multiplied by the salary for the preceding year.

(c) For all other funds not specified in paragraph (a), (b), (d), or (e), the actuarial valuation must use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 3.5 percent.

(d) For funds governed by chapters 3A, 352C, and 490, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of ~~five~~ six percent, and a future salary increase assumption of 6.5 percent in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever applies, or from applicable compensation council recommendations under section 15A.082.

(e) For funds governed by sections 352.01 through 352.86, 353.01 through 353.46, and chapter 354, the actuarial valuation must use a preretirement interest assumption of 8.5, a postretirement interest assumption of five six percent, and a graded rate future salary increase assumption as follows:

Age	General state	General public	Teachers
	employees retirement plan	employees retirement plan	retirement plan
16	7.2500%	8.71%	7.25%
17	7.2500	8.71	7.25
18	7.2500	8.70	7.25
19	7.2500	8.70	7.25
20	7.2500	7.70	7.25
21	7.1454	7.70	7.25
22	7.1094	7.70	7.25
23	7.0725	7.70	7.20
24	7.0363	7.70	7.15
25	7.0000	7.60	7.10
26	7.0000	7.51	7.05
27	7.0000	7.39	7.00
28	7.0000	7.30	7.00
29	7.0000	7.20	7.00
30	7.0000	7.20	7.00
31	7.0000	7.10	7.00
32	7.0000	7.10	7.00
33	7.0000	7.00	7.00
34	7.0000	7.00	7.00
35	7.0000	6.90	7.00
36	6.9019	6.80	7.00
37	6.8074	6.70	7.00
38	6.7125	6.60	6.90
39	6.6054	6.50	6.80
40	6.5000	6.40	6.70
41	6.3540	6.30	6.60
42	6.2087	6.30	6.50
43	6.0622	6.30	6.35
44	5.9048	6.20	6.20
45	5.7500	6.20	6.05
46	5.6940	6.09	5.90

47	5.6375	6.00	5.75
48	5.5822	5.90	5.70
49	5.5405	5.80	5.65
50	5.5000	5.70	5.60
51	5.4384	5.70	5.55
52	5.3776	5.70	5.50
53	5.3167	5.70	5.45
54	5.2826	5.70	5.40
55	5.2500	5.70	5.35
56	5.2500	5.70	5.30
57	5.2500	5.70	5.25
58	5.2500	5.70	5.25
59	5.2500	5.70	5.25
60	5.2500	5.00	5.25
61	5.2500	5.00	5.25
62	5.2500	5.00	5.25
63	5.2500	5.00	5.25
64	5.2500	5.00	5.25
65	5.2500	5.00	5.25
66	5.2500	5.00	5.25
67	5.2500	5.00	5.25
68	5.2500	5.00	5.25
69	5.2500	5.00	5.25
70	5.2500	5.00	5.25

Sec. 57. Minnesota Statutes 1996, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, ~~353C~~, 354, 354A, and 490, 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. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in 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, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, 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 themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

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

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

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

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

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

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the 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.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the public employees retirement association police and fire fund plan, the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability ~~will~~ must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but ~~will~~ must serve to reduce the required contribution instead of increasing it.

Sec. 58. Minnesota Statutes 1996, section 356.217, is amended to read:

356.217 [MODIFICATIONS IN ACTUARIAL SERVICES.]

~~(a) The actuary retained by the legislative commission on pensions and retirement is not required to prepare actuarial valuations of the public employees local government correctional employees retirement plan unless the plan is implemented by a county under section 353C.04.~~

~~(b) The cost of any requested benefit projections by the commission-retained actuary relating to the Minnesota postretirement investment fund for the state board of investment is payable by the state board of investment.~~

~~(e) (b) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial valuation, must be included in an appropriate generalized format as part of the report to the legislature under section 3.85, subdivision 11.~~

~~(d) (c) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.~~

~~(e) (d) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.~~

~~(f) (e) The commission-retained actuary is:~~

~~(1) required to publish experience findings for plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;~~

~~(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and~~

~~(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in section 356.215, subdivision 1, clause (6).~~

Sec. 59. Minnesota Statutes 1996, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, ~~except the basic program of the teachers retirement association, the public employees police and fire fund, and the state patrol retirement fund, must not exceed 2-1/2 the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed 2.65 the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage used by the teachers retirement association must not exceed 2.63 percent per year of basic program service for any year of basic program service or fraction thereof. The formula percentage used by the legislators retirement plan and the elective state officers retirement must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).~~

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 60. Minnesota Statutes 1996, section 356.30, subdivision 3, is amended to read:

Subd. 3. [COVERED FUNDS.] This section applies to the following retirement funds:

- (1) state employees retirement fund, established pursuant to chapter 352;
- (2) correctional employees retirement program, established pursuant to chapter 352;
- (3) unclassified employees retirement plan, established pursuant to chapter 352D;
- (4) state patrol retirement fund, established pursuant to chapter 352B;
- (5) legislators' retirement plan, established pursuant to chapter 3A;

- (6) elective state officers' retirement plan, established pursuant to chapter 352C;
- (7) public employees retirement association, established pursuant to chapter 353;
- (8) public employees police and fire fund, established pursuant to chapter 353;
- (9) teachers retirement association, established pursuant to chapter 354;
- (10) Minneapolis employees retirement fund, established pursuant to chapter 422A;
- (11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;
- (12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;
- (13) Duluth teachers retirement fund association, established pursuant to chapter 354A;
- ~~(14) public employees local government correctional service retirement plan established by sections 353C.01 to 353C.10; and~~
- (15) (14) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 61. Minnesota Statutes 1996, section 356.32, subdivision 2, is amended to read:

Subd. 2. [COVERED FUNDS.] The provisions of this section shall apply to the following retirement funds:

- (1) state employees retirement fund, established pursuant to chapter 352;
- (2) correctional employees retirement program, established pursuant to chapter 352;
- (3) state patrol retirement fund, established pursuant to chapter 352B;
- (4) public employees retirement fund, established pursuant to chapter 353;
- (5) public employees police and fire fund, established pursuant to chapter 353;
- (6) teachers retirement association, established pursuant to chapter 354;
- (7) Minneapolis employees retirement fund, established pursuant to chapter 422A;
- (8) Duluth teachers retirement fund association, established pursuant to chapter 354A;
- (9) Minneapolis teachers retirement fund association, established pursuant to chapter 354A; and
- (10) St. Paul teachers retirement fund association, established pursuant to chapter 354A;
- ~~(11) public employees local government correctional service retirement plan established by sections 353B.01 to 353B.10.~~

Sec. 62. Minnesota Statutes 1996, section 422A.06, subdivision 8, is amended to read:

Subd. 8. [RETIREMENT BENEFIT FUND.] (a) The retirement benefit fund shall consist of amounts held for payment of retirement allowances for members retired pursuant to this chapter.

(b) Assets equal to the required reserves for retirement allowances pursuant to this chapter determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the commission-retained actuary shall be transferred from the deposit accumulation fund to the retirement benefit fund as of the last business day of the month in which the retirement allowance begins. The income from investments of these assets shall be allocated to this fund. There shall be paid from this fund the retirement annuities authorized by law. A required reserve calculation for the retirement benefit fund must be made by the actuary retained by the legislative commission on pensions and retirement and must be certified to the retirement board by the commission-retained actuary.

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

(d) Annually, following the calculation of any postretirement adjustment payable from the retirement benefit fund, the board of trustees shall submit a report to the executive director of the legislative commission on pensions and retirement and to the commissioner of finance indicating the amount of any postretirement adjustment and the underlying calculations on which that postretirement adjustment amount is based, including the amount of dividends, the amount of interest, and the amount of net realized capital gains or losses utilized in the calculations.

(e) With respect to a former contributing member who began receiving a retirement annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, or with respect to a survivor of a former contributing member who began receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living adjustment payable to those annuity or benefit recipients annually must be transferred back to the deposit accumulation fund to the credit of the metropolitan airports commission. The calculation of this annual reduced cost-of-living adjustment reserve transfer must be reviewed by the actuary retained by the legislative commission on pensions and retirement.

Sec. 63. Minnesota Statutes 1996, section 422A.151, is amended to read:

422A.151 [ALTERNATIVE CALCULATION OF ANNUITY.]

(a) In the case of a contributing member of the Minneapolis employees retirement fund who is employed as a licensed peace officer or firefighter with the metropolitan airports commission and who retires, becomes disabled within the meaning of section 422A.18, or dies, the retirement, disability, or survivor allowance is equal to the higher of the following:

(1) the retirement, disability, or survivor allowance calculated for the person under the applicable provisions of the Minneapolis employees retirement fund; or

(2) the retirement, disability, or survivor benefit that the person would be entitled to upon meeting the applicable age and allowable service requirements of section 353.651, 353.656, or 353.657 if all employment as a licensed peace officer or firefighter with the metropolitan airports commission had been allowable service under the public employees retirement association police and fire fund, instead of being covered by the Minneapolis employees retirement fund. In computing the alternative benefit under section 353.651, 353.656, or 353.657, the applicable definitions and related provisions of chapter 353 must be used.

A firefighter or licensed peace officer terminating employment by the metropolitan airports commission after June 30, 1997, or the survivor of a deceased firefighter or licensed peace officer terminating employment by the metropolitan airports commission after June 30, 1997, under section 353.651, 353.656, or 353.657, shall receive a one percent lower cost-of-living adjustment than otherwise payable under section 422A.06, subdivision 5. If the cost-of-living adjustment payable under section 422A.06, subdivision 5, is less than one percent, the firefighter or licensed peace officer who retired after June 30, 1997, must not have a reduction in the previously received annuity or benefit amount, but future cost-of-living adjustments must be modified equal to the percentage the benefit would have been reduced below the person's current annuity or benefit amount to reflect the one percent lower cost-of-living adjustment under section 422A.06, subdivision 5.

(b) If a contributing member under paragraph (a) has periods of coverage by the Minneapolis employees retirement fund that include service other than employment as a licensed peace officer or firefighter as well as employment as a licensed peace officer or firefighter, the calculation of the benefit under paragraph (a), clause (2), may only utilize service as a licensed peace officer or firefighter employed by the metropolitan airports commission.

Sec. 64. Minnesota Statutes 1996, section 490.124, subdivision 1, is amended to read:

Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or one year from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) 2-1/2 the percent of specified in section 356.19, subdivision 7, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered prior to July 1, 1980; plus (2) three the percent of specified in section 356.19, subdivision 8, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980; provided that the annuity shall must not exceed 65 70 percent of the judge's annual salary for the 12 months immediately preceding retirement.

Sec. 65. Minnesota Statutes 1996, section 490.124, subdivision 5, is amended to read:

Subd. 5. [DEFERRED BENEFITS.] (a) Any benefit to which a judge is entitled under this section may be deferred until early or normal retirement date, notwithstanding termination of such judge's service prior thereto.

(b) The retirement annuity of, or the survivor benefit payable on behalf of, a former judge, who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the post retirement interest rate actuarial assumption under section 56 from five percent to six percent under a calculation procedure and tables adopted by the board of directors of the Minnesota state retirement system and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 66. [APPROPRIATIONS; DEPARTMENT OF CORRECTIONS AND LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT.]

(a) For fiscal years 1998 and 1999, \$900,000 is appropriated to the commissioner of corrections. The commissioner of finance shall include this amount in the base budget for the agency when developing the governor's budget recommendations for the biennium ending June 30, 2001.

(b) For fiscal year 1999, \$50,000 is appropriated to the legislative coordinating commission for allocation to the legislative commission on pensions and retirement.

Sec. 67. [APPROPRIATION REDUCTION.]

Subdivision 1. [REDUCTIONS BY RETIREMENT PLAN AND EMPLOYER.] In fiscal years 1998 and 1999, the commissioner of finance shall reduce allotments and cancel to the general fund the amounts determined by multiplying the general fund supported salaries of employees who are members of the teachers retirement association according to clauses (1) and (2), and for employees who are members of the general state employees retirement plan of the Minnesota state retirement system according to clauses (3), (4), and (5):

- (1) 0.90 percent for the Minnesota state colleges and universities;
- (2) 1.50 percent for all agencies other than the Minnesota state colleges and universities
- (3) 0.20 percent for all agencies other than the Minnesota state colleges and universities and the university of Minnesota;
- (4) 0.12 percent for the Minnesota state colleges and universities;

(5) 0.0728 percent for the university of Minnesota.

Subd. 2. [APPROPRIATION REDUCTIONS APPLIED TO BASE BUDGETS.] The commissioner of finance shall include the reductions under subdivision 1 when developing the base budgets for all affected organizations as submitted with the governor's recommended budget for the biennium ending June 30, 2001.

Subd. 3. [PROJECTED SAVINGS.] For the biennium ending June 30, 1999, the projected general fund savings attributable to the reductions under subdivision 1 are as follows:

	<u>fiscal year</u>	
	<u>1998</u>	<u>1999</u>
<u>subdivision 1, clauses (1) and (2)</u>	<u>\$1,937,000</u>	<u>\$2,053,000</u>
<u>subdivision 1, clauses (3)</u>	<u>\$1,162,000</u>	<u>\$1,233,000</u>
<u>subdivision 1, clauses (4) and (5)</u>	<u>\$ 480,000</u>	<u>\$ 509,000</u>

Sec. 68. [PERMANENT INCREASE FOR BENEFIT RECIPIENTS.]

A monthly survivor, disability, or retirement benefit paid under Minnesota Statutes, chapters 3A, 352, 352B, 352C, 352D, 353, 353A, 354, and 490, on June 30, 1997, is permanently increased effective July 1, 1997, to reflect the change in the postretirement fund interest assumption from five percent to six percent. The benefit payable under the six percent postretirement interest assumption must be actuarially equivalent to the benefit payable under the five percent interest assumption and must be based on tables adopted by the applicable board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 69. [MANDATED PENSION COMMISSION STUDY; DISPOSITION OF PERA-P&F CONSOLIDATION ACCOUNTS.]

(a) The legislative commission on pensions and retirement, in consultation with the affected constituencies, shall study the advantages and disadvantages of the blending of some or all local police and salaried firefighter consolidation accounts into the public employees police and fire retirement plan established under Minnesota Statutes, sections 353.63 to 353.68.

(b) The report must be transmitted on or before January 31, 1998, to the chair of the committee on governmental operations and veterans of the senate, the chair of the governmental operations budget division of the senate, the chair of the committee on governmental operations of the house of representatives, and the chair of the state government finance division of the house of representatives.

Sec. 70. [MANDATED PENSION COMMISSION STUDY; FIRST CLASS CITY TEACHER RETIREMENT FUND CONSOLIDATION OPTIONS.]

(a) The legislative commission on pensions and retirement, in consultation with the affected constituencies, shall study the advantages and disadvantages of the restructuring or the consolidation of the first class city teacher retirement fund associations and the statewide teachers retirement association. In its deliberations, the commission shall review the future state funding needs of the Minneapolis employees retirement fund and other applicable state pension funding resources.

(b) The report must be transmitted on or before January 31, 1998, to the chair of the committee on governmental operations and veterans of the senate, the chair of the governmental operations budget division of the senate, the chair of the committee on governmental operations of the house of representatives, and the chair of the state governmental finance division of the house of representatives.

Sec. 71. [REPEALER.]

(a) Minnesota Statutes 1996, sections 124.195, subdivision 12; 124.2139; 356.70; and 356.88, subdivision 2, are repealed.

(b) Minnesota Statutes 1996, sections 353C.01; 353C.02; 353C.03; 353C.04; 353C.05; 353C.06; 353C.07; 353C.08; 353C.09; and 353C.10, are repealed.

Sec. 72. [EFFECTIVE DATES.]

Sections 36 and 37 are effective the first full pay period after December 31, 1997. Sections 15, 16, 19, 20, 27, and 28 are effective the first full pay period after June 30, 1997. Sections 46, 47, and 48 are effective for all salary paid July 1, 1997, or later. Sections 1 to 14, 17, 18, 21 to 26, 29 to 35, 38 to 45, and 49 to 71 are effective July 1, 1997.

ARTICLE 2

LEGISLATORS AND CONSTITUTIONAL OFFICERS

Section 1. Minnesota Statutes 1996, section 3A.07, is amended to read:

3A.07 [APPLICATION.]

This chapter applies to members of the legislature in service upon after July 1, 1965, or thereafter, who otherwise meet the requirements of this chapter, except that members elected for the first time after June 30, 1997, are covered by the elected officers plan in chapter 352E.

Sec. 2. [352C.011] [APPLICABILITY.]

This chapter applies only to constitutional officers first elected before July 1, 1997, to a constitutional office. Constitutional officers elected for the first time to a constitutional office after June 30, 1997, are covered by the elected officers plan under chapter 352E.

Sec. 3. [352E.051] [ESTABLISHMENT.]

A retirement program for legislators and constitutional officers to be known as the elected officers plan is established in the Minnesota state retirement system.

Sec. 4. [352E.052] [DEFINITIONS.]

Subdivision 1. [TERMS.] As used in this chapter, unless the language, context, or subject matter indicates otherwise, the terms in this section have the meanings given them.

Subd. 2. [COVERED EMPLOYMENT.] "Covered employment" means any period for which a constitutional officer or legislator serves in office.

Subd. 3. [ELECTED OFFICERS PLAN.] "Elected officers plan" means the retirement program established by this chapter for legislators and constitutional officers who were elected for the first time to their positions after June 30, 1997.

Subd. 4. [EMPLOYEE SHARES.] "Employee shares" means shares in the supplemental fund purchased with the elected officer's contributions.

Subd. 5. [EMPLOYER SHARES.] "Employer shares" means shares in the supplemental fund purchased with the employer's contributions.

Subd. 6. [SUPPLEMENTAL FUND.] "Supplemental fund" means the fund established and governed by section 11A.17.

Subd. 7. [TOTAL SHARES.] "Total shares" means all the employee shares and employer shares credited to a participant. Where applicable, the term contributions means shares.

Subd. 8. [VALUE.] "Value" means cash value at the end of the month following receipt of an application. If no application is required, value means the cash value at the end of the month in which the event necessitating the transfer occurs.

Subd. 9. [EXECUTIVE DIRECTOR.] "Executive director" means the executive director of the Minnesota state retirement system appointed under section 352.03, subdivision 5.

Subd. 10. [PARTICIPANT.] "Participant" means any elected official who has shares invested in the elected officers plan.

Sec. 5. [352E.053] [COVERAGE.]

First-time constitutional officers elected to any constitutional office and first-time legislators elected after June 30, 1997, are eligible for coverage under the elected officers plan.

Sec. 6. [352E.0535] [MEMBER AND EMPLOYER CONTRIBUTIONS.]

(a) The money used to purchase shares under this section are the employee and employer contributions provided in this subdivision.

(b) The employee contribution is five percent of salary.

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

(d) These contributions must be made by deduction from salary in the manner provided in section 352.04, subdivisions 4, 5, and 6.

Sec. 7. [352E.054] [INVESTMENT OPTIONS.]

(a) An employee may elect to purchase shares in one or a combination of the income share account, growth share account, international share account, money market account, bond market account, fixed interest account, or common stock index account established in section 11A.17. The employee may elect to participate in one or more of the investment accounts in the fund by specifying, on a form provided by the executive director, the percentage of the employee's contributions provided in subdivision 2 to be used to purchase shares in each of the accounts.

(b) A participant may indicate in writing on forms provided by the Minnesota state retirement system a choice of options for subsequent purchases of shares. Until a different written indication is made by the participant, the executive director shall purchase shares in the supplemental fund as selected by the participant. If no initial option is chosen, 100 percent income shares must be purchased for a participant.

(c) A participant or former participant may also change the investment options selected for all or a portion of the participant's shares previously purchased in accounts.

Sec. 8. [352E.055] [WITHDRAWAL OPTIONS.]

Subdivision 1. [PAYMENT AFTER TERMINATION.] No withdrawal of shares shall be permitted prior to termination of covered employment.

Subd. 2. [WITHDRAWAL OPTIONS.] After termination of covered employment or any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352E.06, subdivision 1.

Sec. 9. [352E.06] [ANNUITIES.]

Subdivision 1. [ANNUITY PURCHASE.] When a participant attains at least age 55, is retired from covered service, and applies for a retirement annuity, the cash value of the participant's shares must be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the state employees retirement fund in determining pensions and reserves.

Subd. 2. [LUMP SUM PLUS ANNUITY OPTION.] A participant has the option in an application for an annuity to apply for and receive the value of one-half of the total shares and thereafter receive an annuity, as provided in subdivision 1, based on the value of one-half of the total shares.

Subd. 3. [ANNUITY ACCRUED.] An annuity under this section begins to accrue the first day of the first full month after an application is received or after termination of state service, whichever is later.

Sec. 10. [352E.07] [DISABILITY BENEFITS.]

Subdivision 1. [PAYMENT OPTION.] A participant who becomes totally and permanently disabled has the option to receive:

- (1) the value of the participant's total shares;
- (2) the value of one-half of the total shares and an annuity based on the value of one-half of the total shares; or
- (3) an annuity based on the value of the participant's total shares.

Subd. 2. [ACCRUAL.] The annuity payable under this section begins to accrue the first day of the month following the day of disability and is based on the participant's age when the annuity begins to accrue. The shares must be valued as of the end of the month following authorization of payments.

Subd. 3. [PAYMENT IN ADDITION TO WORKERS' COMPENSATION.] The benefits payable under this section must not be reduced by amounts received or receivable under applicable workers' compensation laws.

Subd. 4. [REPAYMENT PROHIBITION.] A participant who returns to covered service after receiving benefits under this section shall not be required or allowed to repay such benefits.

Sec. 11. [352E.08] [DEATH BENEFITS.]

Subdivision 1. [SURVIVOR BENEFITS.] If a participant dies leaving a spouse and there is no named beneficiary who survives to receive payment or the spouse is named beneficiary, the spouse may receive:

- (1) the value of the participant's total shares;
- (2) the value of one-half of the total shares, and receive an annuity based on the value of one-half of the total shares, provided that if the spouse dies before receiving any annuity payments the value of the shares must be paid to the spouse's children in equal shares, but if no such children survive, then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse; or
- (3) an annuity based on the value of the total shares, provided that if the spouse dies before receiving any annuity payments the value of the shares must be paid to the spouse's children in equal shares, but if no such children survive, then to the parents of the spouse in equal shares, but if no such children or parent survive, then to the estate of the spouse; and further provided, if the spouse dies after receiving annuity payments but before receiving payments equal to the value of the employee shares, the value of the employee shares remaining must be paid to the spouse's children in equal shares, but if no such children survive, then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse.

Subd. 2. [PAYMENT WITHOUT BENEFICIARY DESIGNATION.] If a participant dies and has named a beneficiary, the value of the total shares must be paid to the beneficiary, but if the beneficiary dies before receiving payment, or if no beneficiary has been named and there is no spouse, the value of the shares must be paid to the children of the participant in equal shares, but if no such children survive then in equal shares to the parents of the participant, but if no such children or parents survive, then to the estate of the participant.

Sec. 12. [352E.09] [ADMINISTRATION.]

Subdivision 1. [FIDUCIARY RESPONSIBILITY.] The elected officers plan and the provisions of this chapter must be administered by the Minnesota state retirement system.

Fiduciary activities of the elected officers plan must be undertaken in a manner consistent with chapter 356A.

Subd. 2. [REDEMPTION OR PURCHASE OF SHARES.] Whenever redemption or purchases from the supplemental retirement fund are required to be made, the executive director shall make them.

Subd. 3. [PROSPECTUS.] The executive director shall annually distribute the prospectus prepared by the supplemental fund to each participant in covered employment.

Subd. 4. [APPLICATION.] Whenever benefits or withdrawals are authorized or required to be paid, payment must be made only after receipt of an application signed by the person or representative authorized to receive the benefit or withdrawal. Such application must be made only on forms authorized by the executive director.

Subd. 5. [DISBURSEMENT OF ACCOUNT.] If the beneficiary, surviving spouse, or estate has not made application for benefits within ten years after the date of death of a participant, the value of the shares must be appropriated to the regular fund according to section 352.12, subdivision 12. If a former participant fails to make a claim for benefits by April 1 following the year in which the former participant attains the age of 70 years and six months, the value of the shares are appropriated to the general employees retirement fund according to section 352.22, subdivision 8.

Subd. 6. [ADMINISTRATIVE FEES.] Up to one-tenth of one percent of salary must be deducted from the employee contributions and up to one-tenth of one percent salary must be deducted from the employer contributions, as authorized by section 352E.054, subdivision 2, to pay the administrative expenses of the elected officers plan.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective July 1, 1997.

ARTICLE 3

FIRST CLASS CITY TEACHER RETIREMENT FUNDS

Section 1. Minnesota Statutes 1996, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the Minneapolis or St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first became a member of the coordinated program of the Minneapolis or St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(1), as amended, but not to exceed age 66. For a person who is a member of the basic program of the Minneapolis or St. Paul teachers retirement fund association or the old law coordinated program of the Duluth teachers retirement fund association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the respective teachers retirement fund association.

Sec. 2. Minnesota Statutes 1996, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] The contribution required to be paid by each member of a teachers retirement fund association shall not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
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Duluth teachers retirement
association

old law and new law coordinated programs	5.5 percent
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Minneapolis teachers retirement
association

basic program	8.5 percent
coordinated program	4.5 <u>5.5</u> percent

St. Paul teachers retirement
association

basic program	8 percent
coordinated program	4.5 <u>5.5</u> percent

Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

Sec. 3. Minnesota Statutes 1996, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. [EMPLOYER REGULAR AND ADDITIONAL CONTRIBUTION RATES.] (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(2) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	4.50 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent;

(3) for any basic member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association	8.50 percent
St. Paul teachers retirement fund association	8.00 percent

(4) for a basic member of a teachers retirement fund association in a city of the first class, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the designated percentage of the salary of the basic member, as provided below:

Minneapolis teachers retirement	
---------------------------------	--

fund association	
July 1, 1993 - June 30, 1994	4.85 percent
July 1, 1994, and thereafter	3.64 percent
St. Paul teachers retirement	
fund association	
July 1, 1993 - June 30, 1995	4.63 percent
July 1, 1995, and thereafter	3.64 percent

(5) for a coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

Duluth teachers retirement	
fund association	
	1.29 percent
Minneapolis teachers retirement	
fund association	
July 1, 1993 - June 30, 1994	0.50 percent
July 1, 1994, and thereafter	3.64 percent
St. Paul teachers retirement	
fund association	
July 1, 1993 - June 30, 1994	0.50 percent
July 1, 1994 - June 30, 1995	1.50 percent
July 1, 1995 <u>1997</u> , and thereafter	3.64
	3.84 percent

(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

Sec. 4. Minnesota Statutes 1996, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. [~~SPECIAL DIRECT STATE AID TO ST. PAUL FIRST CLASS CITY TEACHERS RETIREMENT FUND ASSOCIATION ASSOCIATIONS.~~] (a) ~~In fiscal year 1998, the state shall pay \$5,545,000 to the St. Paul teachers retirement fund association \$500,000 in fiscal year 1994, \$21,324,000 to the Minneapolis teachers retirement fund association, and \$486,000 to the Duluth teachers retirement fund association. In each subsequent fiscal year, the payment these payments to the St. Paul first class city teachers retirement fund association associations must be increased at the same rate as the increase in the general education revenue formula allowance under section 124A.22, subdivision 2, in subsequent fiscal years \$2,827,000 for St. Paul, \$12,954,000 for Minneapolis, and \$486,000 for Duluth.~~

(b) ~~The direct state aid is aids under this subdivision are payable October 1 annually. The commissioner of finance shall pay the direct state aid. The amount required under this subdivision is appropriated annually from the general fund to the commissioner of finance.~~

Sec. 5. Minnesota Statutes 1996, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. [TERMINATION OF SUPPLEMENTAL CONTRIBUTIONS AND DIRECT MATCHING AND STATE AID.] (a) The supplemental contributions payable to the Minneapolis teachers retirement fund association by special school district No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, or to the St. Paul teachers retirement fund association by independent school district No. 625 under section 423A.02, subdivision 3, or the direct state aid aids under subdivision 3a to the St. Paul first class city teachers retirement association associations, and the direct matching and state aid under subdivision 3b to the Minneapolis teachers retirement fund association ~~terminates~~ terminate for the respective fund at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained by the legislative commission on pensions and retirement, equals or exceeds the accrued liability funding ratio for the teachers retirement association, as determined in the most recent actuarial report for the teachers retirement association by the actuary retained by the legislative commission on pensions and retirement.

(b) If the state direct matching, state supplemental, or state aid is terminated for ~~the St. Paul a first class city teachers retirement fund association or the Minneapolis teachers retirement fund association~~ under paragraph (a), it may not again be received by that fund.

(c) If either the Minneapolis teachers retirement fund association, ~~or the St. Paul teachers retirement fund association~~, or the Duluth teachers retirement fund association remain funded at less than the funding ratio applicable to the teachers retirement association when the provisions of paragraph (b) become effective, then any state aid not distributed to that association must be immediately transferred to the other ~~association~~ associations in proportion to the relative sizes of their unfunded actuarial accrued liabilities.

Sec. 6. [354A.29] [ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION POSTRETIREMENT ADJUSTMENT.]

Subdivision 1. [ARTICLES OF INCORPORATION AND BYLAWS.] Permission is granted for the St. Paul teachers retirement fund association under Minnesota Statutes, section 354A.12, subdivision 4, to amend its articles of incorporation and bylaws to provide postretirement adjustments under this section.

Subd. 2. [ELIMINATION OF PRIOR LUMP SUM POSTRETIREMENT ADJUSTMENT MECHANISM.] As a condition precedent to the implementation of subdivisions 3 to 6, the lump sum postretirement adjustment mechanism in effect on the date of enactment of this section must be eliminated and the articles of incorporation and bylaws of the association must be amended accordingly.

Subd. 3. [POSTRETIREMENT ADJUSTMENT.] (a) The postretirement adjustment described in the articles and bylaws of the St. Paul teachers retirement fund association must be determined by the board annually after June 30 using the procedures under this section.

(b) Each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least 12 months as of the end of the fiscal year is eligible to receive a postretirement adjustment of 2.0 percent that is payable each January 1.

Subd. 4. [ADDITIONAL INVESTMENT PERCENTAGE ADJUSTMENT.] (a) An excess investment earnings percentage adjustment must be computed and paid under this subdivision to those annuitants and eligible benefit recipients who have been receiving an annuity or benefit for at least 12 months as determined each June 30 by the board of trustees.

(b) The board shall also determine the five-year annualized rate of return attributable to the assets of the St. Paul teachers retirement fund association under the formula specified in section 11A.04, clause (11), and the amount of the excess five-year annualized rate of return over the preretirement interest assumption specified in Minnesota Statutes, section 356.215.

(c) The excess investment percentage adjustment must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained by the legislative commission on pensions and retirement under section 356.215, by the rate of return excess as determined in paragraph (b).

(d) The excess investment percentage adjustment is payable to all annuitants and benefit recipients on the following January 1.

Subd. 5. [EFFECT ON ANNUITY.] The adjustments calculated under subdivisions 3 and 4 must be included in all annuities or benefits paid to the recipient after the adjustments take effect.

Subd. 6. [LUMP SUM POSTRETIREMENT ADJUSTMENT TRANSITION.] This subdivision applies to all annuitants and beneficiaries of the association who received a lump sum postretirement adjustment before the calculation of the first postretirement adjustment under subdivisions 3 and 4. Before the calculation of the first postretirement adjustment under subdivisions 3 and 4, the annual retirement annuity must be increased by the amount of the lump sum postretirement adjustment described in the association bylaws and paid to the annuitant or beneficiary in 1997 before the effective date of this section or if the annuitant or beneficiary was not eligible for a lump sum postretirement adjustment, then the annual benefit paid to that annuitant or benefit recipient must be increased by the cumulative percentage increase in the Consumer Price Index for urban wage earners and clerical workers All Items Index published by the United States Department of Labor, Bureau of Labor Statistics, from the date of the initial receipt of a retirement annuity or benefit of the person whose service is the basis of the benefit to June 30, 1997.

Sec. 7. Minnesota Statutes 1996, section 354A.31, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY; MINNEAPOLIS AND ST. PAUL FUNDS.] (a) This subdivision applies to the coordinated programs of the Minneapolis teachers retirement fund association and the St. Paul teachers retirement fund association.

(b) The normal coordinated retirement annuity shall be an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section shall mean an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but which shall not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) will apply. The retirement annuity formula percentage for purposes of this paragraph is ~~one~~ the percent specified in section 356.19, subdivision 1, per year for each year of coordinated service for the first ten years and ~~1.5~~ the percent specified in section 356.19, subdivision 2, for each year of coordinated service thereafter.

(d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~1.5~~ the percent specified in section 356.19, subdivision 2, for each year of coordinated service.

Sec. 8. Minnesota Statutes 1996, section 354A.31, subdivision 4a, is amended to read:

Subd. 4a. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY; DULUTH FUND.] (a) This subdivision applies to the new law coordinated program of the Duluth teachers retirement fund association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section means an amount equal to the average salary upon which contributions

were made for the highest five successive years of service credit, but may not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is ~~1.13~~ the percent specified in section 356.19, subdivision 1, per year for each year of coordinated service for the first ten years and 1.63 the percent specified in section 356.19, subdivision 2, for each subsequent year of coordinated service.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~1.63~~ the percent specified in section 356.19, subdivision 2, for each year of coordinated service.

Sec. 9. Laws 1979, chapter 109, section 1, as amended by Laws 1981, chapter 157, section 1, is amended to read:

Section 1. Authorization is hereby granted in accordance with Minnesota Statutes, Section 354A.12, for the St. Paul teachers retirement fund association to amend its bylaws as follows:

~~(1) Paragraph 9 of Section 3 of Article IV of the bylaws may be amended to provide a lump sum payment to annuitants and survivor benefit recipients who have been receiving annuities or benefits for at least three years, payable three months following the end of a fiscal year. The payments shall only be made if the investment income of the fund during the preceding fiscal year was in excess of 5-1/2 percent of the asset value of the fund at the end of that fiscal year. The amount that each eligible annuitant or benefit recipient shall be entitled to receive shall be determined as follows:~~

~~(a) The years of service of each annuitant as credited by the fund and the years of service of each person on behalf of whom a survivor benefit is paid as credited by the fund shall be totaled;~~

~~(b) The dollar amount equal to one-half of one percent of the asset value of the fund at the end of the previous fiscal year shall be determined;~~

~~(c) The dollar amount determined pursuant to clause (b) shall be divided by the aggregate years of credited service totaled pursuant to clause (a), the result to be considered the bonus figure per year of service credit;~~

~~(d) For each eligible annuitant and benefit recipient, the payment shall be equal to the bonus figure per year of service credit determined pursuant to clause (c) multiplied by each year of service credited for that person by the fund.~~

~~(2) A new paragraph may be added to Section 2 of Article IV of the bylaws to provide that any active member of the fund with service credit prior to July 1, 1978, who elects in the social security referendum to become a coordinated member shall be entitled to a retirement annuity when otherwise qualified, the calculation of which shall utilize the formula specified in Laws 1977, Chapter 429, Section 61 for that portion of credited service which was served prior to July 1, 1978, and the new coordinated formula specified in the bylaws for the remainder of credited service, both applied to the average salary as specified in Paragraph 2 of Section 1 of Article IX. The formula percentages to be used in calculating the coordinated portion of a retirement annuity on coordinated service shall recognize the coordinated service as a continuation of any service prior to July 1, 1978.~~

~~(3) (2) Paragraph 5 of Section 3 of Article IV of the bylaws in effect on June 1, 1978, may be amended to provide that the recomputation of a disability benefit in an amount equal to a service pension shall occur when the member attains the age of 60 years and shall be recomputed without~~

any reduction for early retirement, and that if the disability terminates prior to age 60 the member shall be eligible for benefits as provided in Paragraph 1 of Section 3 of Article IV and the years of service and final average salary accrued to disability termination date would be used as provided in Paragraph 5 of Section 3 of Article IV of the bylaws in effect June 1, 1978, and that Paragraph 3 of Section 4 of Article IV be amended to conform to this provision.

(4) (3) Article VIII of the bylaws in effect July 1, 1978, may be amended by adding a new section 5 providing augmentation of benefits in the same manner as Minnesota Statutes 1978, Section 354.55, Subdivision 11.

Sec. 10. [DULUTH OLD PLAN BYLAWS; AUTHORITY GRANTED TO INCREASE FORMULAS.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Duluth teachers retirement fund association to amend its articles of incorporation or bylaws by increasing the formula percentage used in computing annuities for old law coordinated program members in the Duluth teachers retirement fund association to 1.45 percent for each year of credited service.

Sec. 11. [REPEALER.]

(a) Minnesota Statutes 1996, section 354A.12, subdivision 2b, is repealed.

(b) Laws 1985, chapter 259, section 3; and Laws 1993, chapter 336, article 3, section 1, are repealed.

Sec. 12. [EFFECTIVE DATES.]

Sections 2 and 3 are effective for all salary paid on or after July 1, 1997. Sections 1 and 4 to 11 are effective July 1, 1997.

ARTICLE 4

MINNEAPOLIS POLICE AND FIREFIGHTERS

Section 1. Minnesota Statutes 1996, section 423B.01, subdivision 9, is amended to read:

Subd. 9. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount ~~and~~. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Sec. 2. Minnesota Statutes 1996, section 423B.01 is amended by adding a new subdivision to read:

Subd. 15. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Sec. 3. Minnesota Statutes 1996, section 423B.06, is amended by adding a subdivision to read:

Subd. 5. [TAX LEVY.] Notwithstanding any provision of section 69.77 to the contrary, if in any year after the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of the actuarial accrued liabilities of the fund and subsequently the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities, the city of Minneapolis is not required to levy a property tax to amortize any unfunded actuarial accrued liability unless the fund experiences two successive years when the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216.

Sec. 4. Minnesota Statutes 1996, section 423B.07, is amended to read:

423B.07 [AUTHORIZED FUND DISBURSEMENTS.]

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

- (1) service, disability, or dependency pensions;
- (2) notwithstanding a contrary provision of section 69.80, the salary of the secretary of the association in an amount not to exceed 30 percent of the base salary of a first grade patrol officer, the salary of the president of the association in an amount not to exceed ten percent of the base salary of a first grade patrol officer, and the salaries of the other elected members of the board of trustees in an amount not to exceed three units;
- (3) expenses of officers and employees of the association in connection with the protection of the fund;
- (4) expenses of operating and maintaining the association, including the administrative expenses related to the administration of the insurance plan authorized in section 423B.08;
- ~~(5) support for hospital and medical insurance for pensioners who have completed 20 years or more of service or permanent disabilitants and surviving spouses of deceased active members, disabilitants, or service pensioners who have completed 20 years or more of service in an amount equal to one unit per month, to be added to the pension otherwise provided;~~
- ~~(6) health and welfare benefits of one unit per month in addition to other benefits for members who retired after July 1, 1980, and have completed 20 years or more of service or for members who are permanent disabilitants; and~~
- ~~(7) (5) other expenses authorized by section 69.80, or other applicable law.~~

Sec. 5. Minnesota Statutes 1996, section 423B.09, subdivision 1, is amended to read:

Subdivision 1. [MINNEAPOLIS POLICE; PERSONS ENTITLED TO RECEIVE PENSIONS.] The association shall grant pensions payable from the police pension fund in monthly installments to persons entitled to pensions in the manner and for the following purposes.

(a) When the actuarial value of assets of the fund according to the most recent annual actuarial valuation performed in accordance with sections 356.215 and 356.216 is less than 90 percent of the actuarial accrued liabilities, an active member or a deferred pensioner who has performed duty as a member of the police department of the city for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension equal to eight units. For full years of service beyond five years, the service pension increases by 1.6 units for each full year, to a maximum of 40 units. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is of greater than 90 percent of actuarial accrued liabilities, active members, deferred members, and service pensioners are entitled to a service pension according to the following schedule:

<u>5 years</u>	<u>8.0 units</u>
<u>6 years</u>	<u>9.6 units</u>

<u>7 years</u>	<u>11.2 units</u>
<u>8 years</u>	<u>12.8 units</u>
<u>9 years</u>	<u>14.4 units</u>
<u>10 years</u>	<u>16.0 units</u>
<u>11 years</u>	<u>17.6 units</u>
<u>12 years</u>	<u>19.2 units</u>
<u>13 years</u>	<u>20.8 units</u>
<u>14 years</u>	<u>22.4 units</u>
<u>15 years</u>	<u>24.0 units</u>
<u>16 years</u>	<u>25.6 units</u>
<u>17 years</u>	<u>27.2 units</u>
<u>18 years</u>	<u>28.8 units</u>
<u>19 years</u>	<u>30.4 units</u>
<u>20 years</u>	<u>34.0 units</u>
<u>21 years</u>	<u>35.6 units</u>
<u>22 years</u>	<u>37.2 units</u>
<u>23 years</u>	<u>38.8 units</u>
<u>24 years</u>	<u>40.4 units</u>
<u>25 years</u>	<u>42.0 units</u>

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

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

(c) An active member who is not eligible for a service pension and who, while a member of the police department of the city, becomes diseased or sustains an injury while in the service that permanently unfits the member for the performance of police duties is entitled to be paid monthly for life a pension equal to 32 units while so disabled.

Sec. 6. Minnesota Statutes 1996, section 423B.09, is amended by adding a subdivision to read:

Subd. 6. [OPTIONAL ANNUITIES.] A member who is retired or disabled on the effective date of this subdivision may elect an optional retirement annuity within 60 days of the effective date instead of the normal retirement annuity. A member who retires or becomes disabled after the effective date of this subdivision may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the member or a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the member. Optional retirement annuity forms must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retiring member and the member's beneficiaries. Once selected, the optional annuity is irrevocable.

Sec. 7. Minnesota Statutes 1996, section 423B.10, subdivision 1, is amended to read:

Subdivision 1. [ENTITLEMENT; BENEFIT AMOUNT.] (a) The surviving spouse of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was the legally married spouse of the decedent, residing with the decedent, and who was married while or before the time the decedent was on the payroll of the police department, and who, if the deceased member was a service or deferred pensioner, was legally married to the member for a period of at least one year before retirement from the police department, is entitled to a surviving spouse benefit. The surviving spouse benefit is equal to 24 22 units per month if the person is the surviving spouse of a deceased active member or disabilitant. The surviving spouse benefit is equal to six units per month, plus an additional one unit for each

year of service to the credit of the decedent in excess of five years, to a maximum of 24 22 units per month, if the person is the surviving spouse of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving spouse benefit is payable for the life of the surviving spouse.

(b) A surviving child of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was living while the decedent was an active member of the police department or was born within nine months after the decedent terminated active service in the police department, is entitled to a surviving child benefit. The surviving child benefit is equal to eight units per month if the person is the surviving child of a deceased active member or disabilitant. The surviving child benefit is equal to two units per month, plus an additional four-tenths of one unit per month for each year of service to the credit of the decedent in excess of five years, to a maximum of eight units, if the person is the surviving child of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving child benefit is payable until the person attains age 18, or, if in full-time attendance during the normal school year, in a school approved by the board of directors, until the person receives a bachelor's degree or attains the age of 22 years, whichever occurs first. In the event of the death of both parents leaving a surviving child or children entitled to a surviving child benefit as determined in this paragraph, the surviving child is, or the surviving children are, entitled to a surviving child benefit in such sums as determined by the board of directors to be necessary for the care and education of such surviving child or children, but not to exceed the family maximum benefit per month, to the children of any one family.

(c) The surviving spouse and surviving child benefits are subject to a family maximum benefit. The family maximum benefit is 40 41 units per month.

(d) A surviving spouse who is otherwise not qualified may receive a benefit if the surviving spouse was married to the decedent for a period of five years and was residing with the decedent at the time of death. The surviving spouse benefit is the same as that provided in paragraph (a), except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same age or a greater age than the member's age before retirement.

Sec. 8. Minnesota Statutes 1996, section 423B.15, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF EXCESS INVESTMENT INCOME.] The board of trustees of the relief association shall determine by May 1 of each year whether or not the fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the chief administrative officer of the relief association to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to one percent of the assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities in which case the amount may not exceed 1-1/2 percent of the assets of the fund, must be applied for the purpose specified in subdivision 3. Excess investment income must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, and 356.216 and the provisions of this section except to offset the annual postretirement payment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under sections 69.77, 356.215, and 356.216 and the provisions of this section.

Sec. 9. Minnesota Statutes 1996, section 423B.15, subdivision 3, is amended to read:

Subd. 3. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The amount determined under subdivision 2 must be applied in accordance with this subdivision. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its total actuarial liabilities, the relief association shall apply the first one-half of excess investment income

to the payment of an annual postretirement payment as specified in this subdivision. and the second one-half of excess investment income up to one-half of one percent of the assets of the fund must be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent funded and other conditions are met, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed 1-1/2 percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return for the most recent prior five years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade patrol officer in the most recent prior five fiscal years. The total amount of all payments to members may not exceed the amount determined under this subdivision. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, payment to each eligible member must not exceed the member's proportionate share of 1-1/2 percent of the assets of the fund.

A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

Sec. 10. Minnesota Statutes 1996, section 423B.15, subdivision 6, is amended to read:

Subd. 6. [NO GUARANTEE OF ANNUAL POSTRETIREMENT PAYMENT.] No provision of or payment made under this section may be interpreted or relied upon by any member of the relief association to guarantee or entitle a member to annual postretirement payments for a period when no excess investment income is earned by the fund. If the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, the distribution of assets under this section must not exceed one-half of one percent.

Sec. 11. Minnesota Statutes 1996, section 423B.15, is amended by adding a subdivision to read:

Subd. 7. [ANNUAL ACTUARIAL VALUATION DATE.] Notwithstanding any provision of section 69.77, subdivision 2h, 356.215, or 356.216 to the contrary, the annual actuarial valuation of the fund must be completed by May 1 of each year.

Sec. 12. Laws 1965, chapter 519, section 1, as amended by Laws 1967, chapter 819, section 1; Laws 1969, chapter 123, section 1; Laws 1975, chapter 57, section 1; Laws 1977, chapter 164, section 2; Laws 1990, chapter 589, article 1, section 5; Laws 1992, chapter 454, section 2; and Laws 1994, chapter 591, article 1, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; FIREFIGHTER'S RELIEF ASSOCIATION;

SURVIVING SPOUSE'S ENTITLEMENT.] Notwithstanding the provisions of Minnesota Statutes 1965, Section 69.48, to the contrary, when a service pensioner, disability pensioner, or deferred pensioner, or an active member of a relief association dies, leaving:

(1) A surviving spouse who was a legally married spouse, residing with the decedent, and who was married while or prior to the time the decedent was on the payroll of the fire department in the case of a deceased active member; and who, in case the deceased member was a service or deferred pensioner was legally married to the member at least five years before death; or

(2) A child or children who were living while the deceased was on the payroll of the fire department, or born within nine months after the decedent was withdrawn from the payroll of the fire department, the surviving spouse and the child or children shall be entitled to a pension or pensions, as follows:

(a) To the surviving spouse, a pension of not less than 17 units, and not to exceed the total of 22 units per month, as the bylaws of the association provide, ~~for life; provided, that if the spouse shall remarry then the pension shall cease and terminate as of the date of remarriage; provided, further, if the remarriage terminates for any reason, the surviving spouse shall again be entitled to a pension as the bylaws of the association provide;~~

(b) To the child or children, if their other parent is living, a pension of not to exceed eight units per month for each child up to the time each child reaches the age of not less than 16 years and not to exceed an age of 18 years; provided, however, upon approval by the board of trustees, such a child who is a full-time student, upon proof of compliance with the provisions of this act, may be entitled to such pension so long as the child is a full-time student and has not reached 22 years of age, all in conformity with the bylaws of the association; provided, further, the total pensions hereunder for the surviving spouse and children of the deceased member shall not exceed the sum of 41 units per month;

(c) A child or children of a deceased member after the death of their other parent, or in the event their other parent predeceases the member, be entitled to receive a pension or pensions in such amount as the board of trustees of the association shall deem necessary to properly support the child or children until they reach the age of not less than 16 and not more than 18 years; provided, however, upon approval by the board of trustees, such a child who is a full-time student, upon proof of compliance with the provisions of this act, may be entitled to such pension so long as the child is a full-time student and has not reached 22 years of age, as the bylaws of the association may provide; but the total amount of the pension or pensions hereunder for any child or children shall not exceed the sum of 41 units per month;

(d) For the purposes of this act, a full-time student is defined as an individual who is in full-time attendance as a student at an educational institution. Whether or not the student was in full-time attendance would be determined by the board of trustees of the association in the light of the standards and practices of the school involved. Specifically excluded is a person who is paid by the person's employer while attending school at the request of the person's employer. Benefits may continue during any period of four calendar months or less in any 12 month period in which a person does not attend school if the person shows to the satisfaction of the board of trustees that the person intends to continue in full-time school attendance immediately after the end of the period. An educational institution is defined so as to permit the payment of benefits to students taking vocational or academic courses in all approved, accredited or licensed schools, colleges, and universities. The board of trustees shall make the final determination of eligibility for benefits if any question arises concerning the approved status of the educational institution which the student attends or proposes to attend;

(e) In the event that a child who is receiving a pension as provided above shall marry before the age of 22 years, the pension shall cease as of the date of the marriage; and

(f) A surviving spouse of a deceased service pensioner, disability pensioner, deferred pensioner, or service pensioner who is otherwise not qualified may receive a benefit if the surviving spouse was legally married to the decedent for a period of five years and was residing with the decedent at the time of death. The surviving spouse benefit is the same as that provided

under paragraph (a), except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same age or a greater age than the member's age prior to retirement. A benefit paid under this paragraph may be less than 17 units, notwithstanding the 17 unit minimum established under paragraph (a).

Sec. 13. Laws 1989, chapter 319, article 19, section 7, subdivision 1, as amended by Laws 1992, chapter 471, article 2, section 5, and Laws 1996, chapter 438, article 4, section 12, is amended to read:

Subdivision 1. [MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION; DEFINITIONS.] For the purposes of this section, each of the terms in this subdivision have the meanings given them in paragraphs (a) to (h).

(a) "Annual postretirement payment" means the payment of a lump sum postretirement benefit to an eligible member on June 1 following the determination date in any year.

(b) "City" means the city of Minneapolis.

(c) "Determination date" means December 31 of each year.

(d) "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date. A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

(e) "Excess investment income" means the amount by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a top grade firefighter in the most recent prior five fiscal years plus two percent. The excess investment income must be expressed as a dollar amount and may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is greater than 102 percent of its actuarial accrued liabilities in which case the amount must not exceed 1-1/2 percent of the assets of the funds.

(f) "Fund" means the Minneapolis fire department relief association.

(g) "Relief association" means the Minneapolis fire department relief association.

(h) "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under Minnesota Statutes, section 11A.04, clause (11), and in effect on January 1, 1987.

Sec. 14. Laws 1989, chapter 319, article 19, section 7, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF EXCESS INVESTMENT INCOME.] The board of trustees of the relief association shall determine by May 1 of each year whether or not the relief association has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the chief administrative officer of the relief association to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to one percent of the assets of the fund, except if the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is greater than 102 percent of its actuarial accrued liabilities, must be applied for the purpose specified in subdivision 4. Excess investment income must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, and 356.216 and the provisions

of this section except to offset the annual postretirement payment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under sections 69.77, 356.215, and 356.216 and the provisions of this section.

Sec. 15. Laws 1989, chapter 319, article 19, section 7, subdivision 4, as amended by Laws 1990, chapter 570, article 12, section 63, Laws 1992, chapter 471, article 2, section 6, and Laws 1996, chapter 438, article 4, section 13, is amended to read:

Subd. 4. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The amount determined under subdivision 3 must be applied in accordance with this subdivision. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is less than 102 percent of its actuarial accrued liabilities, the relief association shall apply the first one-half of one percent of assets which constitute excess investment income to the payment of an annual postretirement payment as specified in this subdivision; and the second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is less than 102 percent of its actuarial accrued liabilities, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, section 356.215 and 356.216, is greater than 102 percent of its actuarial accrued liabilities, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed 1-1/2 percent of the assets of the fund. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return in the most recent prior five fiscal years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade firefighter in the most recent prior five fiscal years. The total amount of all payments to members may not exceed the amount determined under subdivision 3. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. When the fund actuarial value of assets according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is less than 102 percent of its actuarial accrued liabilities, payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is greater than 102 percent of its actuarial accrued liabilities, payment to each eligible member may not exceed the member's proportionate share of 1-1/2 percent of assets of the fund.

Sec. 16. Laws 1989, chapter 319, article 19, section 7, subdivision 7, is amended to read:

Subd. 7. [NO GUARANTEE OF ANNUAL POSTRETIREMENT PAYMENT.] No provision of or payment made under this section may be interpreted or relied upon by any member of the relief association to guarantee or entitle a member to annual postretirement payments for a period when no excess investment income is earned by the fund. If the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is less than 102 percent of its actuarial accrued liabilities, a distribution of the fund assets must not exceed one-half of one percent.

Sec. 17. Laws 1993, chapter 125, article 1, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; SERVICE PENSION RATES.]

Notwithstanding the provisions of Minnesota Statutes, section 69.45, Laws 1971, chapter 542, section 1, and Laws 1980, chapter 607, article XV, section 9, to the contrary, when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is less than 90 percent of its actuarial accrued liabilities, the service pensions payable by the Minneapolis fire department relief association for members terminating active service as a Minneapolis firefighter after June 1, 1993, must be computed as follows:

<u>length of</u> <u>credited service</u>	<u>service</u> <u>pension payable</u>
<u>10 years</u>	<u>16.0 units</u>
<u>11 years</u>	<u>17.6 units</u>
<u>12 years</u>	<u>19.2 units</u>
<u>13 years</u>	<u>20.8 units</u>
<u>14 years</u>	<u>22.4 units</u>
<u>15 years</u>	<u>24.0 units</u>
<u>16 years</u>	<u>25.6 units</u>
<u>17 years</u>	<u>27.2 units</u>
<u>18 years</u>	<u>28.8 units</u>
<u>19 years</u>	<u>30.4 units</u>
<u>20 years</u>	<u>33.0 units</u>
<u>21 years</u>	<u>34.6 units</u>
<u>22 years</u>	<u>36.2 units</u>
<u>23 years</u>	<u>37.8 units</u>
<u>24 years</u>	<u>39.4 units</u>
<u>25 years</u>	<u>41.0 units</u>

When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is of greater than 90 percent of actuarial accrued liabilities, the following schedule applies to all active members and retired service pensioners who otherwise met the then existing requirements to receive a benefit:

<u>length of</u> <u>credited service</u>	<u>service</u> <u>pension payable</u>
<u>5 years</u>	<u>8.0 units</u>
<u>6 years</u>	<u>9.6 units</u>
<u>7 years</u>	<u>11.2 units</u>
<u>8 years</u>	<u>12.8 units</u>
<u>9 years</u>	<u>14.4 units</u>
<u>10 years</u>	<u>16.0 units</u>
<u>11 years</u>	<u>17.6 units</u>
<u>12 years</u>	<u>19.2 units</u>

13 years	20.8 units
14 years	22.4 units
15 years	24.0 units
16 years	25.6 units
17 years	27.2 units
18 years	28.8 units
19 years	30.4 units
20 years	33.0 <u>33.5</u> units
21 years	34.6 <u>35.1</u> units
22 years	36.2 <u>37.7</u> units
23 years	37.8 <u>38.3</u> units
24 years	39.4 <u>39.9</u> units
25 years	41.0 <u>41.5</u> units

When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is of greater than 92.5 percent of actuarial accrued liabilities, the following schedule applies to all active members and retired service pensioners who otherwise met the then existing requirements to receive a benefit:

<u>length of</u> <u>credited service</u>	<u>service</u> <u>pension payable</u>
<u>5 years</u>	<u>8.0 units</u>
<u>6 years</u>	<u>9.6 units</u>
<u>7 years</u>	<u>11.2 units</u>
<u>8 years</u>	<u>12.8 units</u>
<u>9 years</u>	<u>14.4 units</u>
<u>10 years</u>	<u>16.0 units</u>
<u>11 years</u>	<u>17.6 units</u>
<u>12 years</u>	<u>19.2 units</u>
<u>13 years</u>	<u>20.8 units</u>
<u>14 years</u>	<u>22.4 units</u>
<u>15 years</u>	<u>24.0 units</u>
<u>16 years</u>	<u>25.6 units</u>
<u>17 years</u>	<u>27.2 units</u>
<u>18 years</u>	<u>28.8 units</u>
<u>19 years</u>	<u>30.4 units</u>
<u>20 years</u>	<u>34.0 units</u>
<u>21 years</u>	<u>35.6 units</u>
<u>22 years</u>	<u>37.2 units</u>
<u>23 years</u>	<u>38.8 units</u>

24 years40.4 units25 years42.0 units

Sec. 18. [MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION; OPTIONAL ANNUITIES.]

A member of the Minneapolis fire department relief association who is retired or disabled on the effective date of this section may elect an optional retirement annuity within 60 days of the effective date instead of the normal retirement pension. A member who retires or becomes disabled after the effective date of this section may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the member or a joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the member. An optional retirement annuity must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retiring member and the member's beneficiaries. Once selected, the optional annuity is irrevocable.

Sec. 19. [MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION TAX LEVY.]

If in any year after the Minneapolis fire department relief actuarial value of assets of the association according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, is greater than 102 percent of the actuarial accrued liabilities of the fund and subsequently the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216, the city of Minneapolis is not required to levy a property tax to fund any deficit unless the fund has two successive years when the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared in accordance with Minnesota Statutes, sections 356.215 and 356.216.

Sec. 20. [ACTUARIAL VALUATION DATE.]

Notwithstanding Minnesota Statutes, section 69.77, subdivision 2h, 356.215, or 356.216, the annual actuarial valuation of the Minneapolis fire department relief association must be completed by May 1 of each year.

Sec. 21. [ACTUARIAL EQUIVALENT.]

For the purposes of the Minneapolis fire department relief association, "actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in Minnesota Statutes, section 356.216.

Sec. 22. [BENEFIT EXCHANGE.]

The one unit health and welfare benefit granted to members of the Minneapolis fire department relief association in Laws 1980, chapter 667, article XV, section 9, who retired after July 1, 1980, must be reduced by one-half unit upon the implementation of the benefit improvement in section 17 when the actuarial value of assets of the fund according to the most recent annual actuarial valuation report under Minnesota Statutes, sections 356.215 and 356.216, exceeds 90 percent of its actuarial accrued liabilities and the benefit must be eliminated when the actuarial value of assets of the fund exceeds 92.5 percent of its actuarial accrued liabilities and the benefit in section 15 is fully implemented.

Sec. 23. [EFFECTIVE DATE.]

The sections of this article are effective on the day after compliance by the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 2. Section 4 is effective when the provisions of section 5 take effect. Sections 7 and 12 are effective retroactive to July 1, 1996, and apply to all current spouses of members, except that the unit increases for surviving spouses in section 7 shall not otherwise increase the surviving spouse benefit beyond 22 units."

Delete the title and insert:

"A bill for an act relating to retirement; increasing pension benefit accrual rates; adjusting financing for pension plans; adding supplemental financial conditions information for pension funds; reducing appropriations; modifying or establishing various pension aids; appropriating money; amending Minnesota Statutes 1996, sections 3.85, subdivisions 11 and 12; 3A.02, subdivisions 1 and 4; 3A.07; 11A.18, subdivision 9; 69.011, subdivisions 1, 2, and by adding a subdivision; 69.021, subdivisions 7a and 10; 69.031, subdivision 5; 352.01, subdivision 25; 352.04, subdivisions 2 and 3; 352.115, subdivision 3; 352.72, subdivision 2; 352.92, subdivisions 1 and 2; 352.93, subdivisions 2, 3, and by adding a subdivision; 352.95, subdivisions 1 and 5; 352B.02, subdivisions 1a and 1c; 352B.08, subdivisions 2 and 2a; 352B.10, subdivision 1; 352B.30, by adding a subdivision; 352C.031, subdivision 4; 352C.033; 353.01, subdivision 37; 353.27, subdivisions 2 and 3a; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1; 353.71, subdivision 2; 353A.08, subdivisions 1 and 2; 353A.083, by adding a subdivision; 354.05, subdivision 38; 354.42, subdivisions 2, 3, and 5; 354.44, subdivision 6, and by adding a subdivision; 354.53, subdivision 1; 354.55, subdivision 11; 354A.011, subdivision 15a; 354A.12, subdivisions 1, 2a, 3a, and 3c; 354A.31, subdivisions 4 and 4a; 356.20, subdivision 2; 356.215, subdivisions 2, 4d, and 4g; 356.217; 356.30, subdivisions 1 and 3; 356.32, subdivision 2; 422A.06, subdivision 8; 422A.151; 423B.01, subdivision 9, and by adding a subdivision; 423B.06, by adding a subdivision; 423B.07; 423B.09, subdivision 1, and by adding a subdivision; 423B.10, subdivision 1; 423B.15, subdivisions 2, 3, 6, and by adding a subdivision; and 490.124, subdivisions 1 and 5; Laws 1965, chapter 519, section 1, as amended; Laws 1979, chapter 109, section 1, as amended; Laws 1989, chapter 319, article 19, section 7, subdivisions 1, as amended, 3, 4, as amended, and 7; and Laws 1993, chapter 125, article 1, section 1; proposing coding for new law in Minnesota Statutes, chapters 124; 273; 352; 352C; 354A; and 356; proposing coding for new law as Minnesota Statutes, chapter 352E; repealing Minnesota Statutes 1996, sections 124.195, subdivision 12; 124.2139; 353C.01; 353C.02; 353C.03; 353C.04; 353C.05; 353C.06; 353C.07; 353C.08; 353C.09; 353C.10; 354A.12, subdivision 2b; 356.70; and 356.88, subdivision 2; and Laws 1985, chapter 259, section 3; and Laws 1993, chapter 336, article 3, section 1."

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

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Joint Rule 2.03 suspended. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 254: A bill for an act relating to game and fish; modifying certain fish habitat and propagation provisions; authorizing the commissioner to establish special hunts for youth; authorizing rules to restrict airboats; modifying provisions relating to taking minnows; authorizing the commissioner to sell merchandise; modifying stamp provisions; modifying the procedure for vacating or modifying a state game refuge; defining terms; prohibiting airboats on certain lakes; modifying license provisions; providing criminal penalties; appropriating money; amending Minnesota Statutes 1996, sections 17.4982, by adding subdivisions; 17.4983, by adding a subdivision; 17.4993; 17.4998; 84.0855; 97A.015, subdivisions 49, 53, and by adding a subdivision; 97A.045, subdivision 7; 97A.075, subdivision 3; 97A.085, subdivision 8; 97A.101, by adding a subdivision; 97A.411, subdivision 3; 97A.421, subdivision 1; 97A.465, subdivision 4; 97A.485, subdivision 9; 97B.655, subdivision 1; 97B.805, subdivision 2; 97C.035, subdivision 1;

97C.211, subdivisions 1, 2a, and by adding a subdivision; 97C.505, by adding a subdivision; and 168.1291, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 1996, sections 97A.111; and 97C.515, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Environment and Natural Resources, shown in the Journal for April 8, 1997, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 273: A bill for an act relating to veterans; authorizing certain improvements at the Hastings, Luverne, and Silver Bay veterans homes using donated funds.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 10, 1997, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be placed on the Consent Calender". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 638: A bill for an act relating to the environment; petroleum release compensation fund; creating a petroleum tank upgrade assistance program; amending Minnesota Statutes 1996, section 115C.09, subdivision 1.

Reports the same back with the recommendation that the report from the Committee on Environment and Natural Resources, shown in the Journal for April 10, 1997, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on State Government Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 1834: A bill for an act relating to agriculture; providing for competition and economic fairness in the marketing of dairy products; allowing retail price flexibility in sales of milk and milk products; repealing Minnesota Statutes 1996, sections 32.70; 32.71; 32.72; 32.73; and 32.74.

Reports the same back with the recommendation that the report from the Committee on Agriculture and Rural Development, shown in the Journal for April 10, 1997, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 1342: A resolution memorializing Congress to recognize Earth Day as a national day of service and education and establishing Earth Day as a state day of service and education.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 254, 273, 1834 and 1342 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Knutson moved that the name of Ms. Runbeck be added as a co-author to S.F. No. 1785. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of the Calendar.

CALENDAR

S.F. No. 865: A bill for an act relating to commerce; regulating rental-purchase agreements; modifying the definitions of certain terms; providing evidence of the cash price of property; limiting charges for cost-of-lease services; amending Minnesota Statutes 1996, sections 325F.84, subdivision 3, and by adding a subdivision; 325F.85; 325F.86; and 325F.91, by adding subdivisions.

Was read the third time and placed on its final passage.

CALL OF THE SENATE

Ms. Wiener imposed a call of the Senate for the balance of the proceedings on S.F. No. 865. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the passage of the bill.

Ms. Junge moved that those not voting be excused from voting. The motion did not prevail.

The roll was called, and there were yeas 34 and nays 31, as follows:

Those who voted in the affirmative were:

Beckman	Johnson, D.E.	Lesewski	Olson	Scheevel
Belanger	Johnson, J.B.	Lessard	Ourada	Scheid
Day	Kiscaden	Limmer	Pariseau	Solon
Dille	Kleis	Metzen	Robertson	Stevens
Fischbach	Knutson	Neuville	Robling	Vickerman
Frederickson	Langseth	Novak	Runbeck	Wiener
Hottinger	Larson	Oliver	Sams	

Those who voted in the negative were:

Anderson	Hanson	Krentz	Pappas	Ten Eyck
Berg	Higgins	Laidig	Piper	Terwilliger
Berglin	Janezich	Lourey	Pogemiller	Wiger
Betzold	Johnson, D.J.	Marty	Price	
Cohen	Junge	Moe, R.D.	Ranum	
Flynn	Kelley, S.P.	Morse	Samuelson	
Foley	Kelly, R.C.	Murphy	Spear	

So the bill passed and its title was agreed to.

S.F. No. 854: A bill for an act relating to public employment; providing rights and procedures for certain public employees of local government units who are displaced as a result of a transfer of the provision of services from one local government unit to another local government unit; proposing coding for new law in Minnesota Statutes, chapter 465.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Novak	Samuelson
Beckman	Higgins	Langseth	Oliver	Scheevel
Belanger	Hottinger	Larson	Olson	Scheid
Berg	Janezich	Lesewski	Ourada	Solon
Berglin	Johnson, D.E.	Lessard	Pappas	Spear
Betzold	Johnson, D.J.	Limmer	Pariseau	Stevens
Cohen	Johnson, J.B.	Lourey	Piper	Ten Eyck
Day	Junge	Marty	Pogemiller	Terwilliger
Dille	Kelley, S.P.	Metzen	Price	Vickerman
Fischbach	Kelly, R.C.	Moe, R.D.	Ranum	Wiener
Flynn	Kleis	Morse	Robertson	Wiger
Foley	Knutson	Murphy	Runbeck	
Frederickson	Krentz	Neuville	Sams	

Ms. Kiscaden and Mrs. Robling voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 211: A bill for an act relating to telecommunications; authorizing the installation of extended area service within combined school districts.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Novak	Sams
Beckman	Hottinger	Langseth	Oliver	Samuelson
Belanger	Janezich	Larson	Olson	Scheevel
Berg	Johnson, D.E.	Lesewski	Ourada	Scheid
Berglin	Johnson, D.J.	Lessard	Pappas	Solon
Betzold	Johnson, J.B.	Limmer	Pariseau	Spear
Cohen	Junge	Lourey	Piper	Stevens
Day	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Dille	Kelly, R.C.	Metzen	Price	Terwilliger
Fischbach	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger
Hanson	Krentz	Neuville	Runbeck	

Ms. Flynn voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 179: A bill for an act relating to drivers' licenses; providing for designation of advance health care directives on drivers' licenses and Minnesota identification cards; amending Minnesota Statutes 1996, sections 171.06, subdivision 3; and 171.07, subdivision 7.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Beckman	Belanger	Berg	Berglin
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Betzold	Johnson, D.E.	Larson	Oliver	Sams
Cohen	Johnson, D.J.	Lesewski	Olson	Samuelson
Day	Johnson, J.B.	Lessard	Ourada	Scheevel
Dille	Junge	Limmer	Pappas	Scheid
Fischbach	Kelley, S.P.	Lourey	Pariseau	Solon
Flynn	Kelly, R.C.	Marty	Piper	Spear
Foley	Kiscaden	Metzen	Pogemiller	Stevens
Frederickson	Kleis	Moe, R.D.	Price	Ten Eyck
Hanson	Knutson	Morse	Ranum	Terwilliger
Higgins	Krentz	Murphy	Robertson	Vickerman
Hottinger	Laidig	Neuville	Robling	Wiener
Janezich	Langseth	Novak	Runbeck	Wiger

So the bill passed and its title was agreed to.

S.F. No. 569: A bill for an act relating to public safety; clarifying tax exemptions for implements of husbandry; increasing speed limit for towing heavy farm trailers not equipped with brakes; amending Minnesota Statutes 1996, sections 168.012, subdivision 2; 168A.01, subdivision 8; 169.01, subdivision 55; 169.145; 169.522, subdivision 1; and 169.801, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Novak	Sams
Beckman	Higgins	Laidig	Oliver	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Larson	Ourada	Scheid
Berglin	Johnson, D.E.	Lesewski	Pappas	Solon
Betzold	Johnson, D.J.	Lessard	Pariseau	Spear
Cohen	Johnson, J.B.	Limmer	Piper	Stevens
Day	Junge	Lourey	Pogemiller	Ten Eyck
Dille	Kelley, S.P.	Marty	Price	Terwilliger
Fischbach	Kelly, R.C.	Metzen	Ranum	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Morse	Robling	Wiger
Frederickson	Knutson	Neuville	Runbeck	

Mr. Murphy voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 889: A bill for an act relating to housing; providing for changes in rights of parties to mobile home park rentals; amending Minnesota Statutes 1996, sections 327C.02, subdivision 5; 327C.07, subdivision 2; and 327C.09, subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Junge	Lesewski	Novak
Beckman	Foley	Kelley, S.P.	Lessard	Oliver
Belanger	Frederickson	Kelly, R.C.	Limmer	Olson
Berg	Hanson	Kiscaden	Lourey	Ourada
Berglin	Higgins	Kleis	Marty	Pappas
Betzold	Hottinger	Knutson	Metzen	Pariseau
Cohen	Janezich	Krentz	Moe, R.D.	Piper
Day	Johnson, D.E.	Laidig	Morse	Pogemiller
Dille	Johnson, D.J.	Langseth	Murphy	Price
Fischbach	Johnson, J.B.	Larson	Neuville	Ranum

Robertson	Sams	Scheid	Stevens	Vickerman
Robling	Samuelson	Solon	Ten Eyck	Wiener
Runbeck	Scheevel	Spear	Terwilliger	Wiger

So the bill passed and its title was agreed to.

H.F. No. 949: A bill for an act relating to the environment; making manufacturers of electric relays or other electrical devices responsible for the waste management costs of these devices; amending Minnesota Statutes 1996, sections 115A.932, subdivision 1; and 116.92, subdivision 3, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Novak	Sams
Beckman	Higgins	Laidig	Oliver	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Larson	Ourada	Scheid
Berglin	Johnson, D.E.	Lesewski	Pappas	Solon
Betzold	Johnson, D.J.	Lessard	Pariseau	Spear
Cohen	Johnson, J.B.	Limmer	Piper	Stevens
Day	Junge	Lourey	Pogemiller	Ten Eyck
Dille	Kelley, S.P.	Marty	Price	Terwilliger
Fischbach	Kelly, R.C.	Metzen	Ranum	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Morse	Robling	Wiger
Frederickson	Knutson	Neuville	Runbeck	

Mr. Murphy voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 351: A bill for an act relating to administrative rules; assigning responsibility for legislative review of administrative rules to the legislative coordinating commission; abolishing authority to suspend rules without enactment of a statute; amending Minnesota Statutes 1996, sections 3.841; 3.842, subdivisions 2 and 4a; 3.843; 14.05, subdivision 5; 14.131; 14.14, subdivision 1a; 14.15, subdivision 4; 14.18, subdivision 1; 14.19; 14.22, subdivision 1; 14.225; 14.23; 14.26, subdivisions 1 and 3; and 14.47, subdivision 6; repealing Minnesota Statutes 1996, sections 3.842, subdivisions 4, 5, 6, and 7; 3.844; 3.845; and 15.065.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Sams
Beckman	Higgins	Laidig	Oliver	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Larson	Ourada	Scheid
Berglin	Johnson, D.E.	Lesewski	Pappas	Solon
Betzold	Johnson, D.J.	Lessard	Pariseau	Spear
Cohen	Johnson, J.B.	Limmer	Piper	Stevens
Day	Junge	Lourey	Pogemiller	Ten Eyck
Dille	Kelley, S.P.	Marty	Price	Terwilliger
Fischbach	Kelly, R.C.	Metzen	Ranum	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Morse	Robling	Wiger
Frederickson	Knutson	Murphy	Runbeck	

So the bill passed and its title was agreed to.

S.F. No. 780: A bill for an act relating to the environment; modifying requirements for mercury testing in incinerator emissions; amending Minnesota Statutes 1996, section 116.85, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

H.F. No. 1301: A bill for an act relating to local government; defining the department's classified service under a merged Saint Paul and Ramsey county department of public health; amending Minnesota Statutes 1996, section 383A.288, subdivisions 3 and 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

S.F. No. 1000: A bill for an act relating to professions; modifying certain board of psychology requirements relating to education and supervision; amending Minnesota Statutes 1996, sections 148.907, subdivisions 2 and 4; 148.908, subdivision 2; and 148.925, subdivision 7.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Novak	Sams
Beckman	Higgins	Laidig	Oliver	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Lesewski	Ourada	Scheid
Berglin	Johnson, D.E.	Lessard	Pappas	Solon
Betzold	Johnson, D.J.	Limmer	Pariseau	Spear
Cohen	Johnson, J.B.	Lourey	Piper	Stevens
Day	Junge	Marty	Pogemiller	Ten Eyck
Dille	Kelley, S.P.	Metzen	Price	Terwilliger
Fischbach	Kelly, R.C.	Moe, R.D.	Ranum	Vickerman
Flynn	Kiscaden	Morse	Robertson	Wiener
Foley	Kleis	Murphy	Robling	Wiger
Frederickson	Knutson	Neuville	Runbeck	

So the bill passed and its title was agreed to.

S.F. No. 890: A bill for an act relating to motor vehicles; providing for regulation and licensing of motor vehicle brokers; amending Minnesota Statutes 1996, section 168.27, subdivisions 1, 2, 10, 11, 12, 19a, 24, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Novak	Samuelson
Beckman	Higgins	Langseth	Oliver	Scheevel
Belanger	Hottinger	Larson	Olson	Scheid
Berg	Janezich	Lesewski	Ourada	Solon
Berglin	Johnson, D.E.	Lessard	Pappas	Spear
Betzold	Johnson, D.J.	Limmer	Piper	Stevens
Cohen	Johnson, J.B.	Lourey	Pogemiller	Ten Eyck
Day	Junge	Marty	Price	Terwilliger
Dille	Kelley, S.P.	Metzen	Ranum	Vickerman
Fischbach	Kelly, R.C.	Moe, R.D.	Robertson	Wiener
Flynn	Kleis	Morse	Robling	Wiger
Foley	Knutson	Murphy	Runbeck	
Frederickson	Krentz	Neuville	Sams	

Ms. Kiscaden and Mrs. Pariseau voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 1123: A bill for an act relating to telecommunications; establishing the practices of slamming and loading as consumer fraud; providing penalties and remedies; making permanent the requirement to disclose local telecommunications service options; amending Minnesota Statutes 1996, sections 237.121; 237.16, subdivision 5; and 237.5799; proposing coding for new law in Minnesota Statutes, chapter 325F.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Frederickson	Johnson, D.J.	Kleis
Beckman	Day	Hanson	Johnson, J.B.	Knutson
Belanger	Dille	Higgins	Junge	Krentz
Berg	Fischbach	Hottinger	Kelley, S.P.	Laidig
Berglin	Flynn	Janezich	Kelly, R.C.	Langseth
Betzold	Foley	Johnson, D.E.	Kiscaden	Larson

Lesewski	Morse	Pariseau	Runbeck	Stevens
Lessard	Murphy	Piper	Sams	Ten Eyck
Limmer	Neuviller	Pogemiller	Samuelson	Terwilliger
Lourey	Novak	Price	Scheevel	Vickerman
Marty	Oliver	Ranum	Scheid	Wiener
Metzen	Ourada	Robertson	Solon	Wiger
Moe, R.D.	Pappas	Robling	Spear	

So the bill passed and its title was agreed to.

S.F. No. 839: A bill for an act relating to employment; modifying bond requirements for certain search firms; amending Minnesota Statutes 1996, section 184.30, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuviller	Sams
Beckman	Higgins	Laidig	Oliver	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Larson	Ourada	Scheid
Berglin	Johnson, D.E.	Lesewski	Pappas	Solon
Betzold	Johnson, D.J.	Lessard	Pariseau	Spear
Cohen	Johnson, J.B.	Limmer	Piper	Stevens
Day	Junge	Lourey	Pogemiller	Ten Eyck
Dille	Kelley, S.P.	Marty	Price	Terwilliger
Fischbach	Kelly, R.C.	Metzen	Ranum	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robertson	Wiener
Foley	Kleis	Morse	Robling	Wiger
Frederickson	Knutson	Murphy	Runbeck	

So the bill passed and its title was agreed to.

S.F. No. 157: A bill for an act relating to state government; rulemaking; enacting, eliminating, continuing, or modifying certain exemptions from the rulemaking requirements of the administrative procedures act; making technical and conforming changes; amending Minnesota Statutes 1996, sections 3.305, by adding a subdivision; 14.03, subdivision 3, and by adding subdivisions; 14.386; 14.47, subdivision 1; 15.50, subdivision 2; 16A.632, subdivision 2; 16B.18, subdivision 3; 16D.11, subdivision 7; 17.03, subdivision 10; 17.54, subdivision 4; 17.56, subdivision 2; 17.57, subdivision 1; 17.64, subdivision 2; 18.022, subdivision 9; 18.0227, subdivision 3; 32.394, subdivision 12; 41B.07; 41C.13; 43A.182; 48.221; 50.175, subdivision 2; 51A.361; 52.17, subdivision 2; 53.07, subdivision 1; 60A.13, subdivision 6; 60K.19, subdivision 6; 61B.21, subdivision 1; 62E.10, subdivision 8; 62J.04, subdivision 1; 62J.152, subdivision 4; 62J.61; 62L.13, subdivision 3; 62N.23; 62N.25, subdivision 6; 65B.28, subdivision 3; 79.34, subdivisions 1 and 2a; 79.362; 84.98, subdivision 2; 85.045, subdivision 3; 85A.02, subdivision 5b; 85A.05, subdivision 2; 88.80, subdivision 2; 97A.085, subdivision 4a; 115A.11, subdivision 2; 115A.20; 115A.58, subdivision 2; 116.17, subdivision 2; 116.44, subdivision 1; 116C.06, subdivision 1; 116O.05, subdivision 3; 123.3514, subdivision 8; 124.41, subdivision 2; 124.46, subdivision 2; 124.648, subdivision 3; 128C.02, subdivision 4; 129C.10, subdivision 3; 136A.40; 145.925, subdivision 9; 147A.26; 148B.66, subdivision 3; 148C.03, subdivision 1; 150A.04, subdivision 5; 152.02, subdivision 12; 153A.15, subdivision 3; 161.1231, subdivision 5; 167.50, subdivision 2; 169.06, subdivision 1; 169.452; 169.99, subdivision 2; 171.321, subdivision 2; 174.51, subdivision 2; 176.102, subdivision 2; 176.136, subdivision 1a; 176A.08; 182.655, subdivision 1; 216D.03, subdivision 2; 240A.02, subdivision 2; 244.13, subdivision 1; 245.494, subdivision 1; 245A.09, subdivision 10; 256.027; 256.9357, subdivision 3; 256.9685, subdivision 1; 256.969, subdivision 3a; 256B.431, subdivision 2e; 256B.434, subdivision 12; 256B.501, subdivision 10; 256B.502; 256B.503; 273.112, subdivision 6a; 299F.093, subdivision 1; 325F.665, subdivision 6; 346.58; 347.51, subdivision 2a; 401.03; 458A.03, subdivision 2; 475A.06, subdivision 2; 507.09; 518.14, subdivision 2; 518.611, subdivision 9; 518.613, subdivision 6; 518.64, subdivision 5; 518.641, subdivision 4; 624.22, subdivision 1; and 624.7151; Laws 1988,

chapter 688, article 21, section 7, subdivision 1; and Laws 1991, chapter 265, article 4, section 28; proposing coding for new law in Minnesota Statutes, chapters 14; and 128C; repealing Minnesota Statutes 1996, sections 14.38, subdivisions 5, 6, 7, 8, and 9; 14.387; 126.56, subdivision 8; 214.06, subdivision 3; 469.173, subdivision 2; and 469.308, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

S.F. No. 536: A bill for an act relating to public nuisances; adding to the definition of nuisance and the list of acts constituting a public nuisance; amending Minnesota Statutes 1996, sections 617.81, subdivision 2; and 617.88.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

H.F. No. 591: A bill for an act relating to highways; requiring the commissioner of transportation to transfer certain easements to the city of Faribault.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

S.F. No. 1470: A bill for an act relating to cities of the first class; modifying provisions concerning neighborhood revitalization programs; amending Minnesota Statutes 1996, section 469.1831.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

S.F. No. 1266: A bill for an act relating to local government; authorizing town electors to require the removal of snow or ice from town roads in certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 366.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Runbeck
Beckman	Higgins	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheid
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Cohen	Johnson, J.B.	Limmer	Pariseau	Spear
Day	Junge	Lourey	Piper	Stevens
Dille	Kelley, S.P.	Marty	Pogemiller	Ten Eyck
Fischbach	Kelly, R.C.	Metzen	Price	Terwilliger
Flynn	Kiscaden	Moe, R.D.	Ranum	Vickerman
Foley	Kleis	Morse	Robertson	Wiener
Frederickson	Knutson	Murphy	Robling	Wiger

So the bill passed and its title was agreed to.

S.F. No. 1170: A bill for an act relating to elections; precinct caucus; authorizing certain minors to be elected a delegate or officer at the precinct caucus; amending Minnesota Statutes 1996, section 202A.16, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 36 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Marty	Pogemiller	Ten Eyck
Beckman	Johnson, D.J.	Metzen	Price	Vickerman
Berglin	Johnson, J.B.	Moe, R.D.	Ranum	Wiener
Dille	Junge	Morse	Sams	Wiger
Flynn	Kelley, S.P.	Murphy	Samuelson	
Foley	Kelly, R.C.	Novak	Scheid	
Higgins	Krentz	Pappas	Solon	
Hottinger	Lourey	Piper	Spear	

Those who voted in the negative were:

Belanger	Frederickson	Laidig	Neuville	Robling
Berg	Hanson	Langseth	Oliver	Runbeck
Betzold	Johnson, D.E.	Larson	Olson	Scheevel
Cohen	Kiscaden	Lesewski	Ourada	Stevens
Day	Kleis	Lessard	Pariseau	Terwilliger
Fischbach	Knutson	Limmer	Robertson	

So the bill passed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 1:00 p.m. The motion prevailed.

The hour of 1:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. then imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Mr. Johnson, D.J. from the Committee on Taxes, to which was referred

S.F. No. 1925: A bill for an act relating to general education; special programs; lifework development; education organization and cooperation; education excellence; nutrition and other

education programs; nonfunding education policy issues; libraries; technology; state agencies; making conforming technical changes; appropriating money; amending Minnesota Statutes 1996, sections 12.21, subdivision 3; 120.062, subdivisions 3, 6, 7, 9, and 11; 120.064, subdivisions 3, 8, 10, 20a, and by adding a subdivision; 120.101, subdivision 5; 120.1701, subdivision 3; 120.181; 121.11, subdivisions 7c and 9; 121.15, subdivisions 6, 7, and by adding subdivisions; 121.602, subdivisions 1, 2, and 4; 121.611; 121.615, subdivisions 2, 3, 5, 6, 7, 8, 9, and 10; 121.703, subdivision 3; 121.904, subdivision 4a; 121.932, by adding a subdivision; 123.35, subdivision 8, and by adding a subdivision; 123.3514, subdivisions 4, 4a, 4e, 6, 6c, 8, and by adding subdivisions; 123.39, subdivision 6; 123.70, subdivisions 5, 7, and 10; 123.799, subdivision 1; 123.7991, subdivisions 1 and 2; 123.951; 123.972, subdivision 5; 124.08; 124.17, subdivisions 1d, 4, and by adding a subdivision; 124.193; 124.195, subdivisions 2, 7, 10, 11, and by adding a subdivision; 124.225, subdivisions 1, 13, 14, 15, 16, and 17; 124.226, subdivision 10; 124.2445; 124.2455; 124.248, subdivision 4, and by adding a subdivision; 124.26, subdivision 1b; 124.2613, subdivisions 3, 4, and 6; 124.2711, subdivision 2a; 124.2727, subdivision 6d; 124.273, subdivisions 1d, 1e, 1f, and 1g; 124.276, subdivision 3, and by adding a subdivision; 124.312, subdivisions 4 and 5; 124.313; 124.314, subdivisions 1 and 2; 124.3201, subdivisions 1, 2, 3, and 4; 124.323, subdivisions 1 and 2; 124.42, subdivision 4; 124.431, subdivision 11; 124.45; 124.48, subdivision 3; 124.481; 124.574, subdivisions 1, 2d, 2f, 5, 6, and 9; 124.83, subdivisions 1 and 2; 124.86, subdivision 2, and by adding a subdivision; 124.91, subdivisions 1 and 5; 124.912, subdivisions 1, 2, 3, and 6; 124.916, subdivisions 1, 2, and 3; 124.918, subdivision 6, and by adding a subdivision; 124.95, subdivision 2; 124A.02, subdivision 21; 124A.03, subdivisions 1c, 1f, 1g, and 3c; 124A.22, subdivisions 2, 3, 8a, 10, 11, 13, 13c, 13d, and by adding a subdivision; 124A.225, subdivision 1; 124A.23, subdivisions 1, 2, 3, and 5; 124A.26; 124A.28; 124C.45, subdivision 1a; 124C.46, subdivisions 1 and 2; 124C.498, subdivisions 1, 2, and 3; 125.05, subdivisions 1c and 2; 126.036; 126.037, subdivision 1; 126.113; 126.22, subdivisions 2, 3, and 3a; 126.23, subdivision 1; 126.531, subdivision 3; 127.26; 127.27, subdivisions 5, 6, 7, 8, 10, and by adding a subdivision; 127.281; 127.29; 127.30, subdivisions 1, 2, 3, and by adding a subdivision; 127.31, subdivisions 2, 7, 8, 13, 14, and 15; 127.311; 127.32; 127.33; 127.36; 127.37; 127.38; 128A.02, by adding a subdivision; 128C.02, subdivision 2, and by adding a subdivision; 128C.12, subdivision 1; 129C.10, subdivision 3; 134.155, subdivisions 2 and 3; 134.34, subdivision 4; 136D.72, subdivisions 2 and 3; 144.29; 169.01, subdivision 6; 169.21, subdivision 2; 169.435, subdivision 2; 169.443, subdivision 3; 169.444, subdivisions 2, 5, 6, 7, and by adding a subdivision; 169.447, subdivision 6; 169.4501, subdivisions 1 and 2; 169.4502, subdivisions 2, 7, 9, 11, and by adding subdivisions; 169.4503, subdivisions 1, 2, 10, 13, 14, 17, 19, 23, 24, and by adding a subdivision; 169.4504, subdivision 1, and by adding a subdivision; 169.452; 171.321, subdivision 3; 171.3215, subdivision 4; 179A.03, subdivision 19; 245.493, subdivision 1; 245.91, subdivision 2; 260A.02, subdivision 3; and 268.665, subdivision 2; Laws 1991, chapter 265, article 1, section 30, as amended; Laws 1993, chapter 146, article 5, section 20; Laws 1994, chapter 647, article 7, section 18, subdivisions 2 and 3; Laws 1995, First Special Session chapter 3, articles 1, section 56; 2, section 52; 3, section 11, subdivisions 1, 2, and 5; 4, section 29, subdivision 8; 8, section 25, subdivision 12; 11, section 21, subdivision 3; and 12, section 7, subdivision 1; Laws 1996, chapters 412, article 4, section 34, subdivision 4; and 461, section 3, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121; 124; 124A; 126; 127; 128C; 135A; and 290; repealing Minnesota Statutes 1996, sections 120.105; 120.65; 121.11, subdivision 8; 121.602, subdivisions 3 and 5; 121.904, subdivisions 4c and 4d; 121.912, subdivision 7; 124.155; 124.223; 124.225, subdivisions 3a, 7a, 7b, 7d, 7e, 8a, and 8k; 124.226; 124.2728; 124.276, subdivision 2; 124.312, subdivisions 4 and 5; 124.3201, subdivisions 2a and 2b; 124.912, subdivisions 2 and 3; 124A.02, subdivision 24; 124A.22, subdivisions 4, 4a, and 4b; 124A.26, subdivisions 1a, 2, 3, 4, and 5; 127.31, subdivision 6; 128B.10; 134.34, subdivision 4a; 134.46; 169.4502, subdivision 6; 169.4503, subdivisions 3, 8, 9, 11, 12, and 22; and 169.454, subdivision 11.

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

Page 43, line 8, delete "\$1,365,039,000" and insert "\$1,336,756,000"

Page 51, line 33, delete "\$75,000,000" and insert "\$58,000,000"

Page 53, line 21, delete "1 to 7" and insert "56 to 63"

Page 54, line 23, delete "education" and insert "children, families, and learning"

Page 57, delete section 75

Page 57, after line 34, insert:

"Sec. 76. [PROPERTY TAX REDUCTION PROTECTION.]

(a) The commissioner shall determine the levies specified in paragraphs (b), (c), and (d), for fiscal year 1999, according to this section.

(b) Total levies under Minnesota Statutes, section 124.91, subdivision 1, shall not exceed \$23,510,000. The commissioner shall proportionately reduce requests from districts to limit the statewide total to this amount.

(c) Total levies under Minnesota Statutes, section 124.239, subdivision 5, paragraph (b), shall not exceed \$8,400,000. The commissioner shall proportionately reduce requests from districts to limit the statewide total to this amount.

(d) Total levies under Minnesota Statutes, section 124.84, shall not exceed \$3,200,000. The commissioner shall proportionately reduce requests from districts to limit the statewide total to this amount."

Page 58, line 6, delete "\$2,525,779,000" and insert "\$2,526,505,000"

Page 58, line 7, delete "\$2,610,117,000" and insert "\$2,644,383,000"

Page 58, line 9, delete "\$2,298,328,000" and insert "\$2,299,054,000"

Page 58, line 10, delete "\$241,479,000" and insert "\$241,559,000"

Page 58, line 11, delete "\$2,368,638,000" and insert "\$2,402,824,000"

Page 60, line 5, delete "and levies"

Page 64, line 27, strike "of"

Page 64, line 28, strike "\$3,500,000"

Page 69, line 12, reinstate the stricken "year" and delete "years" and strike "1996" and delete ", 1997," and insert "1999" and reinstate the stricken "thereafter" and delete "1998"

Page 69, line 17, strike "; plus"

Page 69, strike line 18

Page 69, line 19, strike everything before the period

Page 69, lines 22 and 30, reinstate the stricken "year" and delete "years" and strike "1996" and delete ", 1997," and insert "1999"

Page 69, lines 23 and 31, reinstate the stricken "thereafter" and delete "1998"

Page 69, line 25, before "its" insert "and"

Page 69, line 26, strike everything after "1e"

Page 69, line 27, strike everything before the period

Page 69, strike line 32

Page 69, line 33, strike everything before "that"

Page 77, line 22, strike "SECONDARY VOCATIONAL-DISABLED" and insert "SCHOOL-TO-WORK PROGRAM-DISABLED"

Page 77, lines 23, 25, and 27, strike "secondary vocational-disabled" and insert "school-to-work program-disabled"

Pages 80 and 81, delete section 33

Page 94, line 29, delete "\$500,000" and insert "\$800,000"

Page 103, line 21, delete "10 to 12" and insert "13 to 15"

Page 230, line 19, delete "compete" and insert "complete"

Page 236, line 31, delete "124A.23" and insert "124A.22"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 40, before "3" insert "and" and delete ", and 6"

And when so amended the bill do pass and be re-referred to the Committee on Education Finance. Amendments adopted. Report adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 493 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 493: A bill for an act relating to the financing and operation of state and local government; providing property tax class rate reform; providing for education financing; providing for calculation of rent constituting property taxes; providing increased property tax refunds for homeowners; changing truth-in-taxation requirements; providing for joint truth-in-taxation hearings; imposing levy limits on cities and counties for taxes levied in 1997 and 1998; changing fiscal note requirements for state mandates; providing for reimbursement for costs of state mandate; requiring periodic review of administrative rules; reducing or repealing certain corporate taxes; imposing a business activity tax; making miscellaneous property tax changes; providing procedures for the apportionment of a local government unit; providing for increase in city aid base; changing tax increment financing provisions; providing for heritage and historic subdistricts; authorizing certain tax increment districts; exempting certain tax increment districts from certain requirements; authorizing local tax levies, abatements, and assessments; conforming certain income tax laws with changes in federal law; modifying certain income tax definitions and formulas; providing income tax credits; imposing the sales tax on certain tangible personal property and services; modifying the application of sales and excise taxes; exempting certain purchases from the sales tax; authorizing the city of Willmar to impose sales and excise taxes; modifying waste management tax and taconite tax provisions; increasing the budget reserve; revising the law governing regional development commissions; requiring reports; appropriating money; amending Minnesota Statutes 1996, sections 16A.152, subdivision 2; 93.41; 103D.905, subdivisions 4, 5, and by adding a subdivision; 115A.554; 124.195, subdivisions 7 and 10; 124.239, subdivision 5, and by adding subdivisions; 124.2716, subdivision 3; 124.2727, subdivision 6b; 124.312, subdivisions 4 and 5; 124.314, subdivision 2; 124.83, subdivision 4; 124.95, subdivisions 1 and 4; 124A.23, subdivision 1; 216B.16, by adding a subdivision; 270B.01, subdivision 8; 272.02, subdivision 1; 273.11, subdivisions 1 and 16; 273.112, subdivisions 1, 2, 3, and 4; 273.12; 273.124, by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1398, subdivisions 4 and 8; 273.1399, subdivision 6, and by adding a subdivision; 275.065, subdivisions 1, 3, 5a, 6, 8, and by adding subdivisions; 275.16; 276.04, subdivision 2; 281.13; 281.23, subdivision 6, and by adding a subdivision; 281.273; 281.276; 282.01, subdivision 8; 282.04, subdivision 1; 289A.02, subdivision 7; 290.01, subdivisions 19,

19a, 19b, 19c, 19d, 19f, 19g, and 31; 290.014, subdivisions 2 and 3; 290.015, subdivisions 3 and 5; 290.06, subdivisions 1, 22, and by adding a subdivision; 290.068, subdivision 1; 290.0922, subdivision 1; 290.17, subdivision 1; 290.191, subdivision 4; 290.371, subdivision 2; 290.9725; 290.9727, subdivision 1; 290.9728, subdivision 1; 290A.03, subdivisions 11 and 13; 290A.04, subdivisions 2 and 6; 290A.19; 291.005, subdivision 1; 296.141, subdivision 4; 296.18, subdivision 1; 297A.01, subdivisions 3, 4, 7, 11, 15, and 16; 297A.09; 297A.15, subdivision 7; 297A.25, subdivisions 2, 7, 11, 11, 16, 56, 59, and by adding subdivisions; 297A.44, subdivision 1; 297B.01, subdivisions 7 and 8; 297E.04, subdivision 3; 298.24, subdivision 1; 298.296, subdivision 4; 298.75, subdivision 1, 4, and by adding a subdivision; 325D.33, subdivision 3; 349.12, subdivision 26a; 349.163, subdivision 8; 373.40, subdivision 7; 375.192, subdivision 2; 383A.75, subdivision 3; 462.381; 462.383; 462.384; 462.385, subdivisions 1 and 3; 462.386, subdivision 1; 462.387; 462.388; 462.389, subdivisions 1, 3, and 4; 462.39, subdivisions 2 and 3 and by adding a subdivision; 462.391, subdivision 5, and by adding subdivisions; 462.393; 462.394; 462.396, subdivisions 1, 3, and 4; 462.398; 465.71; 465.81, subdivisions 1 and 3; 465.82, subdivisions 1, 2, and by adding a subdivision; 465.87, subdivisions 1a and 2; 465.88; 469.040, subdivision 3, and by adding a subdivision; 469.169, by adding a subdivision; 469.174, subdivisions 4, 7, 10, 12, 16, 23, 24, and by adding subdivisions; 469.175, subdivisions 1, 3, 7, and by adding a subdivision; 469.176, subdivisions 1b, 1e, 4c, 4e, 4j, 5, and by adding a subdivision; 469.1765, subdivisions 2, 3, 4, and 7; 469.177, subdivision 3; 477A.011, subdivision 36; 477A.014, subdivision 4; 611.27, subdivision 4; amending Laws 1992, chapter 511, article 2, section 52; Laws 1993, chapter 375, articles 7, section 29; and 9, section 45, subdivision 2, 3, 4, and by adding a subdivision; Laws 1995, chapters 255, article 3, section 2, subdivision 1, as amended; 264, article 5, sections 44, subdivision 4, as amended; 45, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 14; 124; 273; 275; 290; 458D; 462A; 469; proposing coding for new law as Minnesota Statutes, chapter 297F; repealing Minnesota Statutes 1996, sections 3.982; 116.07, subdivision 10; 121.904, subdivision 4d; 124.91, subdivisions 2 and 7; 124.912, subdivisions 2 and 3; 270B.12, subdivision 11; 273.13, subdivision 32; 273.1317; 273.1318; 276.012; 290.0921; 290.0922; 290A.03, subdivisions 12a and 14; 290A.055; 290A.26; 297A.01, subdivisions 20 and 21; 297A.02, subdivision 5; 297A.45; 462.384, subdivision 7; 462.385, subdivision 2; 462.389, subdivision 5; 462.391, subdivisions 1, 2, 3, 4, 6, and 7; 462.392, subdivisions 8 and 9; 469.174, subdivision 19; 469.176, subdivision 4b; 645.34; repealing Laws 1995, chapter 264, article 4, as amended.

Mr. Johnson, D.J. moved to amend S.F. No. 493 as follows:

Page 209, line 33, before "In" insert "Subdivision 1. [TAX AUTHORIZED.]"

Page 210, line 2, delete "tax liability" and insert "taxable personal income"

Page 210, after line 11, insert:

"Subd. 2. [REFERENDUM.] (a) The tax under subdivision 1 may be imposed at the rate approved by the voters of the local unit of government at a referendum called for the purpose. The referendum may be called by the governing body of the local unit of government or must be called by the governing body upon written petition of qualified voters of the local unit of government. The referendum shall be conducted during the calendar year before the tax, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the income tax rate as a percentage of taxable personal income. The ballot shall designate the specific number of years, not to exceed five, for which the authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the governing body of, be approved?"

If approved, the tax is authorized for the number of years approved, or until revoked or reduced by the voters of the local unit of government at a subsequent referendum.

(b) The governing body of the local unit of government shall prepare and deliver by first class

mail at least 15 days but no more than 30 days prior to the day of the referendum to each residential address within the boundaries of the local unit of government a notice of the referendum and the proposed tax increase. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical family incomes within the local unit of government.

The notice must include the following statement: "Passage of this referendum will result in an increase in your personal income taxes."

(c) A referendum on the question of revoking or reducing the increased tax authorized pursuant to paragraph (a) may be called by the governing body and must be called by the governing body upon the written petition of qualified voters of the local unit of government. A tax approved by the voters pursuant to paragraph (a), must be imposed at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce a tax for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the local unit of government on the day the petition is filed with the local unit. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the governing body shall submit a copy of the notice required under paragraph (b) to the commissioner of revenue. Within 15 days after the results of the referendum have been certified by the local unit of government, or in the case of a recount, the certification of the results of the recount by the canvassing board, the governing body shall notify the commissioner of revenue of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b), in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum."

Page 246, line 13, after "equipment" insert "subject to the tax under subdivision 2"

Page 246, after line 20, insert:

"Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Willmar may, by ordinance, impose, for the purposes specified in subdivision 4, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail, and an excise tax of up to \$20 per piece of major farm equipment, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling major farm equipment at retail."

Page 246, line 21, delete "2" and insert "3"

Page 247, line 1, delete "3" and insert "4"

Page 247, line 2, delete "subdivision 1" and insert "subdivisions 1 and 2"

Page 247, line 12, delete "4" and insert "5"

Page 247, line 24, delete "5" and insert "6"

Page 248, line 1, delete "6" and insert "7"

Page 248, line 36, delete "(i)" and insert "(h)"

Page 294, line 28, after "3" insert ", and as it relates only to Pope county is effective the day after compliance by Pope county with the requirements of Minnesota Statutes, section 645.021, subdivision 3"

The motion prevailed. So the amendment was adopted.

Ms. Johnson, J.B. moved to amend S.F. No. 493 as follows:

Page 294, after line 18, insert:

"Sec. 8. Minnesota Statutes 1996, section 473.39, is amended by adding a subdivision to read:

Subd. 1d. [OBLIGATIONS; 1998-2000.] In addition to the authority in subdivisions 1a, 1b, and 1c, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$30,000,000, which may be used for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Hottinger moved to amend S.F. No. 493 as follows:

Page 226, after line 24, insert:

"(i) Tangible personal property that is utilized or employed in the furnishing or providing of services under section 297A.01, subdivision 3, paragraph (d), or in conducting lawful gambling under chapter 349 or the state lottery under chapter 349A, including property given as promotional items, shall not be considered property purchased for resale. Machines, equipment, or devices that are used to furnish, provide, or dispense goods or services, including coin-operated devices, shall not be considered property purchased for resale."

Page 248, after line 18, insert:

"Sec. 36. [STATEMENT OF PURPOSE.]

The purpose of section 4, paragraph (i), is to confirm and clarify the original intent of the legislature in enacting an exemption from the sales tax for property to be resold in the normal course of business. Section 4, paragraph (i), ratifies the existing state interpretation that a resale requires the transfer of title to the property or the complete transfer of possession and control over the property."

Page 249, after line 1, insert:

"Section 4, paragraph (i), is effective for sales and purchases made after December 31, 1992."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Betzold moved to amend the Hottinger amendment to S.F. No. 493 as follows:

Page 1, line 20, after the period, insert "This section does not apply to litigation currently pending before the Minnesota Supreme Court."

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Hottinger amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Ms. Olson moved to amend S.F. No. 493 as follows:

Page 204, after line 2, insert:

"Section 1. Minnesota Statutes 1996, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the credit allowed under section 290.0672, not to exceed \$650 \$1,950 for each dependent in grades kindergarten to 6 and \$1,000 \$3,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes not only tuition and fees for attendance needed to fulfill the requirements of sections 120.101 and 120.102, but also tuition and fees paid for a dependent in kindergarten through grade 12 for any study conducted by a person meeting the teaching licensing requirements of section 120.101, subdivision 7, clauses (1) to (5), designed to improve the dependent's knowledge of core curriculum areas and to expand the dependent's knowledge and skills beyond foundational skills pursuant to the graduation rule under section 121.11, subdivision 7c. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment qualifying for deduction includes personal computer hardware and educational software that assists a dependent to improve knowledge of core curriculum areas and to expand knowledge and skills pursuant to the graduation rule under section 121.11, subdivision 7c, purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a); and

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3."

Page 213, after line 29, insert:

"Sec. 7. [290.0673] [MINNESOTA EDUCATION CREDIT.]

Subdivision 1. [CREDIT ALLOWED.] A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter in an amount equal to the amount the taxpayer pays in tuition or fees for a dependent of the taxpayer in kindergarten through grade 12 for the instruction of the dependent by a person qualified to be an instructor pursuant to section 120.101, subdivision 7, clauses (1) to (5), in the curriculum core areas and knowledge and skills pursuant to the graduation rule under section 121.11, subdivision 7c.

Subd. 2. [LIMITATIONS.] The credit is limited to \$1,000 per child and \$2,000 per family. No credit is allowed if the taxpayer's income, as defined in section 290.067, subdivision 2a, exceeds \$39,000. In the case of a married taxpayer, the credit is not allowed unless a joint income tax return is filed. For a nonresident or part-year resident, the credit determined under subdivision 1 and the \$1,000-per-child and \$2,000-per-family limits are further limited to amounts determined by multiplying the percentage calculated under section 290.06, subdivision 2c, paragraph (e), by the credit determined by subdivision 1 and the \$1,000-per-child and \$2,000-per-family limits.

Subd. 3. [HOME SCHOOL.] If a dependent is educated in a school where the taxpayer or spouse provides the instruction necessary to meet the compulsory instruction requirements of sections 120.101 and 120.102 in the taxpayer's home, the family of the dependent is deemed to have incurred \$1,000 of tuition or fees qualifying under subdivision 1. The limit on income under subdivision 2 does not apply to the credit allowed on the deemed amount under this subdivision. A family is limited to only one deemed amount of \$1,000 per year.

Subd. 4. [CREDIT TO BE REFUNDABLE.] If the amount of credit which a taxpayer would be eligible to receive pursuant to this section exceeds the taxpayer's tax liability under this chapter, the excess amount shall be refunded to the taxpayer by the commissioner of revenue.

Subd. 5. [INFLATION ADJUSTMENT.] The dollar amount of the income threshold in subdivision 2 must be adjusted for inflation. The commissioner shall adjust the threshold amount starting with tax years beginning after December 31, 1997, by the percentage determined under section 290.06, subdivision 2d, for the taxable year."

Page 217, line 6, delete "5, and 7" and insert "3, 6, 7, and 9"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Hottinger imposed a call of the Senate for the balance of the proceedings on S.F. No. 493. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

Mr. Johnson, D.J. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 22 and nays 40, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Limmer	Pariseau	Stevens
Berg	Kleis	Neuville	Robertson	Terwilliger
Day	Knutson	Oliver	Robling	
Fischbach	Larson	Olson	Runbeck	
Frederickson	Lesewski	Ourada	Scheevel	

Those who voted in the negative were:

Anderson	Hottinger	Kiscaden	Murphy	Samuelson
Beckman	Janezich	Krentz	Novak	Scheid
Berglin	Johnson, D.E.	Laidig	Pappas	Solon
Betzold	Johnson, D.J.	Lessard	Piper	Spear
Dille	Johnson, J.B.	Lourey	Pogemiller	Ten Eyck
Flynn	Junge	Marty	Price	Vickerman
Foley	Kelley, S.P.	Metzen	Ranum	Wiener
Higgins	Kelley, R.C.	Morse	Sams	Wiger

The motion did not prevail. So the amendment was not adopted.

Mr. Belanger moved to amend S.F. No. 493 as follows:

Page 209, after line 31, insert:

"Sec. 4. Minnesota Statutes 1996, section 290.06, is amended by adding a subdivision to read:

Subd. 26. [1996 PERCENT OF TAX CREDIT.] (a) For the tax year beginning in 1996, an individual is given a credit of \$50 if the tax computed under subdivision 2c and sections 290.032 and 290.091, less the credits allowed under subdivision 22 and section 290.091, subdivision 6, is between \$1 and \$227. If the tax computed above exceeds \$227, the credit is 22 percent of the tax computed, up to a maximum credit of \$900 or \$1,800 in the case of married taxpayers filing a joint 1996 income tax return.

(b) If the amount of the credit which a taxpayer is eligible to receive exceeds the taxpayer's tax liability under chapter 290, the excess amount shall be refunded to the taxpayer by the commissioner of revenue.

(c) Notwithstanding any law to the contrary, the amount refunded to the taxpayer because of this credit bears interest from the later of 90 days from the date the taxpayer files the taxpayer's 1996 Minnesota individual income tax return or November 15, 1997."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 38, as follows:

Those who voted in the affirmative were:

Belanger	Fischbach	Kiscaden	Laidig	Limmer
Day	Frederickson	Kleis	Larson	Metzen
Dille	Johnson, D.E.	Knutson	Lesewski	Murphy

Neuville	Ourada	Robling	Scheevel	Stevens
Oliver	Pariseau	Runbeck	Solon	Terwilliger
Olson	Robertson			

Those who voted in the negative were:

Anderson	Hanson	Kelly, R.C.	Novak	Scheid
Beckman	Higgins	Krentz	Pappas	Spear
Berg	Hottinger	Langseth	Piper	Ten Eyck
Berglin	Janezich	Lessard	Pogemiller	Vickerman
Betzold	Johnson, D.J.	Lourey	Price	Wiener
Cohen	Johnson, J.B.	Marty	Ranum	Wiger
Flynn	Junge	Moe, R.D.	Sams	
Foley	Kelley, S.P.	Morse	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Mr. Knutson moved to amend S.F. No. 493 as follows:

Pages 120 to 126, delete article 7

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 33, as follows:

Those who voted in the affirmative were:

Beckman	Johnson, D.E.	Lesewski	Olson	Stevens
Belanger	Junge	Lessard	Ourada	Terwilliger
Berg	Kiscaden	Limmer	Pariseau	Wiener
Day	Kleis	Metzen	Robertson	Wiger
Dille	Knutson	Morse	Robling	
Fischbach	Laidig	Neuville	Runbeck	
Frederickson	Larson	Oliver	Scheevel	

Those who voted in the negative were:

Anderson	Higgins	Krentz	Pappas	Scheid
Berglin	Hottinger	Langseth	Piper	Solon
Betzold	Janezich	Lourey	Pogemiller	Spear
Cohen	Johnson, D.J.	Marty	Price	Ten Eyck
Flynn	Johnson, J.B.	Moe, R.D.	Ranum	Vickerman
Foley	Kelley, S.P.	Murphy	Sams	
Hanson	Kelly, R.C.	Novak	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Mr. Oliver moved to amend S.F. No. 493 as follows:

Page 32, after line 22, insert:

"Section 1. Minnesota Statutes 1996, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED NET TAX CAPACITY.] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted net tax capacity. The department shall also, based upon the results of the assessment/sales ratio study, determine the equalized referendum market value for each school district which shall be designated as the adjusted referendum market value. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue

shall make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted net tax capacities. On or before June 15 annually, the department of revenue shall file its final report on the adjusted net tax capacities established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of children, families, and learning and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, sections 270.12, subdivision 2, clause (8), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) [AGRICULTURAL LANDS.] For purposes of determining the adjusted net tax capacity of agricultural lands for the calculation of adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) [FORCED SALES.] The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

(e) [STIPULATED VALUES AND ABATEMENTS.] The estimated market value to be used in calculating sales ratios shall be the value established by the assessor before any stipulations resulting from appeals by property owners and before any abatement unless the abatement was granted for the purpose of correcting mere clerical errors.

(f) [SALES OF INDUSTRIAL PROPERTY.] Separate sales ratios shall be calculated for commercial property and for industrial property. These two classes shall be combined only in jurisdictions in which there is not an adequate sample of sales in each class."

Page 37, after line 7, insert:

"Sec. 12. [124.917] [SCHOOL DISTRICT LEVIES.]

Subdivision 1. [CATEGORICAL PROGRAM LEVY.] "Categorical program levy" means a district's total levy less the sum of the district's basic general education program levy under section 124A.23, subdivision 2, debt service levy under section 124.97, and operating referendum levy under section 124A.03.

Subd. 2. [CATEGORICAL NET TAX CAPACITY LEVY.] For taxes payable in 1998 and later, each school district's categorical net tax capacity levy is equal to the lesser of its categorical program levy for taxes payable in 1997, or its categorical program levy for that year.

Subd. 3. [CATEGORICAL MARKET VALUE LEVY.] For taxes payable in 1998 and later, a

district's categorical market value levy is equal to the difference between its categorical program levy under subdivision 1 and its categorical tax capacity levy under subdivision 2."

Page 38, delete section 13 and insert:

"Sec. 15. [124.975] [DEBT LEVY; MARKET VALUE.]

Except as otherwise provided in sections 124A.03 and 124A.0311, a school district levy imposed to pay obligations approved by the electors under section 475.58 after November 1, 1997, for taxes payable in 1998 or thereafter, must be levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b. A levy subject to the requirements of this section must be separately certified to the county auditor under section 275.07.

Sec. 16. Minnesota Statutes 1996, section 124A.03, subdivision 1g, is amended to read:

~~Subd. 1g. [REFERENDUM EQUALIZATION LEVY.] (a) For fiscal year 1996, a district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8.~~

(b) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted referendum market value per actual pupil unit to \$476,000.

(e) (b) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor for that year.

Sec. 17. Minnesota Statutes 1996, section 124A.0311, subdivision 1, is amended to read:

Subdivision 1. [EXPIRATION.] Unless scheduled to expire sooner, a referendum levy authorized under section 124A.03 expires July 1, 2000. This subdivision does not apply to a referendum levy that is authorized for ten or fewer years and that is levied against the referendum market value of all taxable property located within the school district. A school board may, by resolution of its board, convert any portion of its referendum authority under section 124A.03, subdivision 2, that is authorized to be levied against net tax capacity to referendum authority that is authorized to be levied against the referendum market value of the school district.

Sec. 18. Minnesota Statutes 1996, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year.

The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises \$1,054,000,000 for fiscal year 1996 and \$1,359,000,000 for fiscal year 1997 and later fiscal years. Any general education levy amount in excess of \$1,359,000,000 shall be separately specified and levied against the referendum market value.

For fiscal year 1999 and later, the general education referendum market value rate shall be a rate that, when applied to the adjusted referendum market value for all districts, raises a dollar amount equal to the difference between the total general education levy and \$1,359,000,000.

The general education tax rate rates may not be changed due to changes or corrections made to a district's adjusted net tax capacity or adjusted referendum market value after the tax rate has rates have been established.

Sec. 19. Minnesota Statutes 1996, section 124A.23, subdivision 2, is amended to read:

Subd. 2. [GENERAL EDUCATION LEVY.] To obtain general education revenue, excluding supplemental revenue, a district may levy an amount not to exceed the sum of the general education tax rate times the adjusted net tax capacity of the district for the preceding year and the general education referendum market value tax rate times the adjusted referendum market value of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, excluding supplemental revenue, the general education levy shall be determined according to subdivision 3."

Page 39, line 27, after "Minnesota" insert "(a)"

Page 39, after line 28, insert:

"(b) Minnesota Statutes 1996, section 124A.0311, subdivisions 2, 3, and 4, are repealed."

Page 103, after line 1, insert:

"Sec. 8. [275.071] [MARKET VALUE TAX.]

That portion of any county's, city's, town's, or special taxing district's levy which exceeds the jurisdiction's levy for taxes payable in 1997 shall be levied against the referendum market value of the jurisdiction, as defined in section 124A.02, subdivision 3b. When the jurisdiction reports its levy to the county auditor under section 275.07, it must separately identify the portion to be levied against net tax capacity and the portion to be levied against market value."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Oliver then moved to amend the Oliver amendment to S.F. No. 493 as follows:

Page 6, after line 11, insert:

"Pages 104 to 106, delete section 10"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Oliver amendment, as amended. The motion did not prevail. So the amendment, as amended, was not adopted.

Mr. Larson moved to amend S.F. No. 493 as follows:

Page 84, after line 27, insert:

"Sec. 45. [ECONOMIC DEVELOPMENT TAX INCREMENT FINANCING DISTRICT; DOUGLAS COUNTY.]

Subdivision 1. [AUTHORIZATION.] The Douglas county housing and redevelopment authority or the Brandon economic development authority may establish a tax increment financing district for a tourism facility including a theme park, amusement park, cultural facilities, recreational facilities, lodging facilities, retail facilities, and associated commercial development.

Subd. 2. [SPECIAL RULES.] The tax increment financing district is subject to Minnesota Statutes, sections 469.174 to 469.179, with the exceptions listed in this subdivision.

(a) The tax increment financing district may encompass up to 360 acres and all taxable improvements within the district are deemed a tourism facility and qualified as an economic development district for purposes of Minnesota Statutes, sections 469.174, subdivisions 12 and 22; and 469.176, subdivision 4c.

(c) Minnesota Statutes, section 469.1763, subdivision 3, does not apply to the tax increment financing district.

(d) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the maximum duration of the tax increment financing district is 20 years from the receipt of the first tax increment financing district.

(e) Minnesota Statutes, section 273.1399, does not apply to the district.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon approval of the original tax increment financing plan for the tax increment financing district by the affected school board, county board, and township board or city council and upon approval of the governing body of the authority under Minnesota Statutes, section 645.021, subdivision 2."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 35, as follows:

Those who voted in the affirmative were:

Belanger	Kelly, R.C.	Larson	Neuville	Scheid
Day	Kiscaden	Lesewski	Oliver	Solon
Dille	Kleis	Lessard	Robertson	Stevens
Fischbach	Knutson	Limmer	Robling	Terwilliger
Frederickson	Laidig	Metzen	Runbeck	Wiger
Johnson, D.E.	Langseth	Murphy	Scheevel	

Those who voted in the negative were:

Anderson	Foley	Junge	Novak	Ranum
Beckman	Hanson	Kelley, S.P.	Olson	Sams
Berg	Higgins	Krentz	Pappas	Samuelson
Berglin	Hottinger	Lourey	Pariseau	Spear
Betzold	Janezich	Marty	Piper	Ten Eyck
Cohen	Johnson, D.J.	Moe, R.D.	Pogemiller	Vickerman
Flynn	Johnson, J.B.	Morse	Price	Wiener

The motion did not prevail. So the amendment was not adopted.

Mr. Novak moved to amend S.F. No. 493 as follows:

Pages 5 to 12, delete sections 3 and 4 and insert:

"Sec. 3. Minnesota Statutes 1996, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$72,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. ~~For taxes payable in 1992, the market value of class 1a property that exceeds \$72,000 but does not exceed \$115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds \$115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 1998 and thereafter, the market value of class 1a property that exceeds \$72,000 has a class rate of two 1.5 percent.~~

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any blind person, or the blind person and the blind person's spouse; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(G) pension, annuity, or other income paid as a result of that disability from a private pension or disability plan, including employer, employee, union, and insurance plans and

(iii) has household income as defined in section 290A.03, subdivision 5, of \$50,000 or less; or

(4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of economic security certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any

portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 4. Minnesota Statutes 1996, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) ~~Class 2a property is agricultural land including any improvements that is homesteaded. The market value of, except for the house and garage and immediately surrounding one acre of land has the same class rates as, which are class 1a 1 property under subdivision 22. The value of the remaining land including improvements up to \$115,000 has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres has a net class rate of one percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the \$115,000 market value in excess of 320 acres has a class rate of 1.5 percent of market value, and a gross class rate of 2.25 percent of market value. Class 2a property does not have a class rate. Class 2a property is exempt from all levies of school districts and from general property taxes except those taxes levied in connection with roads or watersheds.~~

(b) ~~Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of 1.5 percent of market value, and a gross class rate of 2.25 percent of market value for taxes payable in 1998, a class rate of two percent of market value for taxes payable in 1999, and no class rate thereafter. Class 2b property is exempt from all levies of school districts and from general property taxes except those taxes levied in connection with roads or watersheds.~~

(c) ~~Class 2c property is real estate that is not improved with a structure; is either not located within a city or located within a city but zoned as open space; and is not class 2a or class 2b property. Class 2c property has a class rate of four percent of market value for taxes payable in 1998, three percent for taxes payable in 1999, and no class rate thereafter. Class 2c property is exempt from all levies of school districts and from general property taxes except those taxes levied in connection with roads or watersheds.~~

(d) ~~Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm or conservation programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products. Land enrolled in the Reinvest in Minnesota program under sections 103F.505 to 103F.531 or the federal Conservation Reserve Program as contained in Public Law Number 99-198, and consisting of a minimum of ten contiguous acres, shall be classified as agricultural. Agricultural classification for property shall be determined with respect to the use of the whole parcel, and not based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.~~

(e) ~~Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.~~

(f) ~~The term "agricultural products" as used in this subdivision includes:~~

(1) ~~livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;~~

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing; and

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115.

(f) (g) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3), the assessor shall classify the part of the parcel used for agricultural purposes as class ~~1b~~, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(g) (h) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(i) A structure is classified as an agricultural building if all of the following criteria are met:

(1) the structure is located on property that is classified as agricultural property under this subdivision;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the owners of the property are required to provide housing for the workers under state or federal law;

(4) the structure meets all applicable health and safety requirements; and

(5) the structure is not saleable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads."

Pages 15 to 24, delete section 6 and insert:

"Sec. 6. Minnesota Statutes 1996, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property in a city with a population of 5,000 or less, that is (1) located outside of the metropolitan area, as defined in section 473.121, subdivision 2, or outside any county contiguous to the metropolitan area, and (2) whose city boundary is at least 15 miles from the boundary of any city with a population greater than 5,000 has a class rate of 2.3 percent of market value for taxes payable in 1996 and thereafter. All other class 4a property has a class rate of 3.4 percent of market value for taxes payable in 1996 and thereafter. For purposes of this paragraph, population has the same meaning given in section 477A.011, subdivision 3.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years. The public financing received must be from at least one of the following sources: government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1993, the proceeds of which are used for the acquisition or rehabilitation of the building; programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act; rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building; public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from federal community development block grants, HOME block grants, or residential rental bonds issued under chapter 474A; or other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

(a) it is a nonprofit corporation organized under chapter 317A;

(b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;

(c) it limits membership with voting rights to residents of the designated community; and

(d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a

nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) for each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) the first \$72,000 of market value on each parcel has a class rate of 1.75 percent for taxes payable in 1997 and 1.5 percent for taxes payable in 1998 and thereafter, and the market value of each parcel that exceeds \$72,000 has a class rate of ~~2.5~~ two percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in 1996, and thereafter.

(d) Class 4d property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993, and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall

verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value except that property classified under clause (3), shall have the same class rate as class 1a property.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

(f) Class 4e property consists of the residential portion of any structure located within a city that was converted from nonresidential use to residential use, provided that:

- (1) the structure had formerly been used as a warehouse;
- (2) the structure was originally constructed prior to 1940;
- (3) the conversion was done after December 31, 1995, but before January 1, 2003; and
- (4) the conversion involved an investment of at least \$25,000 per residential unit.

Class 4e property has a class rate of 2.3 percent, provided that a structure is eligible for class 4e classification only in the 12 assessment years immediately following the conversion."

Page 25, after line 18, insert:

"Sec. 9. Minnesota Statutes 1996, section 290A.04, is amended by adding a subdivision to read:

Subd. 2k. [TRANSITION REFUND PAID TO LOCAL GOVERNMENTS.] (a) For property taxes payable in 1998 and subsequent years, the commissioner of revenue shall pay to the county treasurer, on the dates prescribed by law for payment of property taxes, the portion of the property taxes described in paragraph (b) for real estate that is residential and used for homestead purposes or that is described in section 273.13, subdivision 25, paragraph (c), clause (5).

(b) For taxes payable in 1998, the amount of the property taxes paid on behalf of the property owner by the state is the excess, if any, of the property taxes payable in 1998 as described in paragraph (c) over the lesser of (1) 95 percent of the property taxes payable with respect to the property in 1997 or (2) 1.5 percent of the market value of the property for purposes of determination of taxes payable in 1998.

(c) The property taxes payable in 1998 for purposes of paragraph (b), are the lesser of (i) the taxes actually levied for payment in 1998, or (ii) the taxes that were actually levied for payment in 1997, increased by three percent.

(d) This subdivision does not apply to any portion of the property taxes attributable to improvements not assessed on January 2, 1997, except that property that did not qualify under this subdivision for taxes payable in 1998, but that later becomes a residential homestead or property described in section 273.13, subdivision 25, paragraph (c), clause (5). A hypothetical refund for 1998 must be determined for the property based on the property's estimated market value for taxes payable in the first year in which it is eligible for the refund under this paragraph, and using the actual tax rates for taxes payable in 1997 or 1998. The hypothetical 1998 refund so determined shall then be reduced in the same proportion, if any, that actual refunds for 1998 determined under paragraph (b) have been reduced for subsequent years."

Page 210, after line 11, insert:

"Sec. 5. Minnesota Statutes 1996, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ~~45~~ 25 percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code.

For a nonresident or part-year resident, the credit determined under section 32 of the Internal Revenue Code must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income."

Page 217, line 6, delete "and 7" and insert "6, and 8"

Page 234, after line 13, insert:

"Sec. 13. Minnesota Statutes 1996, section 297A.25, subdivision 8, is amended to read:

Subd. 8. [CLOTHING.] The gross receipts from the sale of used clothing and wearing apparel are exempt, except the following:

(1) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semiprecious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollowware and silver-plated hollowware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars;

(2) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material;

(3) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this chapter shall not apply to lotion, oil, powder, or other articles intended to be used or applied only in the case of babies;

(4) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salespeople's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 10 and nays 54, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Foley	Murphy	Scheevel
Berg	Dille	Larson	Novak	Stevens

Those who voted in the negative were:

Beckman	Day	Hanson	Johnson, D.E.	Kelley, S.P.
Belanger	Fischbach	Higgins	Johnson, D.J.	Kelly, R.C.
Berglin	Flynn	Hottinger	Johnson, J.B.	Kiscaden
Betzold	Frederickson	Janezich	Junge	Kleis

Knutson	Lourey	Olson	Ranum	Spear
Krentz	Marty	Ourada	Robertson	Ten Eyck
Laidig	Metzen	Pappas	Robling	Terwilliger
Langseth	Moe, R.D.	Pariseau	Runbeck	Vickerman
Lesewski	Morse	Piper	Sams	Wiener
Lessard	Neuville	Pogemiller	Samuelson	Wiger
Limmer	Oliver	Price	Solon	

The motion did not prevail. So the amendment was not adopted.

Mr. Moe, R.D. moved that S.F. No. 493 be laid on the table. The motion prevailed.

MEMBERS EXCUSED

Messrs. Beckman and Murphy were excused from the Session of today from 10:30 to 11:15 a.m. Ms. Kiscaden was excused from the Session of today from 10:30 a.m. to 12:00 noon. Mr. Cohen was excused from the Session of today from 1:25 to 2:50 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:00 a.m., Tuesday, April 22, 1997. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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