

SIXTIETH DAY

St. Paul, Minnesota, Monday, May 16, 2005

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator 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, Lt. Col. Rob Lubben.

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	Frederickson	Koering	Neuville	Saxhaug
Bachmann	Gaither	Kubly	Nienow	Scheid
Bakk	Gerlach	Langseth	Olson	Senjem
Belanger	Hann	Larson	Ortman	Skoe
Berglin	Higgins	LeClair	Ourada	Skoglund
Betzold	Hottinger	Limmer	Pappas	Solon
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Sparks
Cohen	Johnson, D.J.	Marko	Pogemiller	Stumpf
Day	Jungbauer	Marty	Ranum	Tomassoni
Dibble	Kelley	McGinn	Reiter	Vickerman
Dille	Kierlin	Metzen	Robling	Wergin
Fischbach	Kiscaden	Michel	Rosen	Wiger
Foley	Kleis	Moua	Ruud	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Betzold moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Senator Pogemiller from the Committee on Taxes, to which was re-referred

S.F. No. 1980: A bill for an act relating to appropriations; appropriating money for transportation, Metropolitan Council, and public safety activities; providing for general contingent accounts and tort claims; authorizing issuance of trunk highway bonds; modifying provision for handling state mail; modifying vehicle registration tax and fee provisions; increasing fees for motor vehicle transfers and driver and vehicle services; establishing and modifying accounts; abolishing statewide bicycle registration program; exempting certain projects from competitive

bidding; authorizing issuance of special license plates; providing for road signs; establishing multimodal transportation fund; increasing tax on motor fuels and allocating proceeds of the increase; reapportioning highway state-aid money to counties; changing vehicle registration tax rates; allocating proceeds of sales tax on motor vehicles; requiring studies and reports; making technical and clarifying revisions; amending Minnesota Statutes 2004, sections 16B.49; 115A.908, subdivision 1; 160.294, subdivision 1a; 161.081, subdivision 3; 161.14, by adding a subdivision; 162.06, subdivision 2; 162.07, subdivision 1, by adding subdivisions; 168.011, by adding a subdivision; 168.013, subdivisions 1a, 8; 168.09, subdivision 7; 168.105, subdivisions 2, 3, 5; 168.12; 168.123; 168.1235; 168.124; 168.125; 168.1255; 168.127, subdivision 6; 168.128; 168.129; 168.1291; 168.1293; 168.1296; 168.1297; 168.27, subdivision 11; 168.33; 168.345, subdivisions 1, 2; 168.381; 168.54, subdivisions 4, 5; 168A.152, subdivision 2; 168A.29; 168A.31; 169.01, subdivision 78; 169.09, subdivision 13; 169.81, subdivision 3c; 169.8261; 169.851, subdivision 5; 169.86, subdivision 5; 169A.60, subdivision 16; 171.06, subdivisions 2, 2a; 171.061, subdivision 4; 171.07, subdivision 11; 171.13, subdivision 6, by adding a subdivision; 171.20, subdivision 4; 171.26; 171.29, subdivision 2; 171.36; 296A.07, subdivision 3; 296A.08, subdivision 2; 297B.09, subdivision 1; 446A.085, subdivisions 3, 8, by adding a subdivision; 469.015, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 16A; 160; 161; 168; 169; 190; 299A; repealing Minnesota Statutes 2004, sections 168.012, subdivision 12; 168.041, subdivision 11; 168.105, subdivision 6; 168.231; 168.345, subdivisions 3, 4; 168C.01; 168C.02; 168C.03; 168C.04; 168C.05; 168C.06; 168C.07; 168C.08; 168C.09; 168C.10; 168C.11; 168C.12; 168C.13; 170.23; 171.12, subdivision 8; 171.185; 473.408, subdivision 1; Minnesota Rules, parts 7407.0100; 7407.0200; 7407.0300; 7407.0400; 7407.0500; 7407.0600; 7407.0700; 7407.0800; 7407.0900; 7407.1000; 7407.1100; 7407.1200; 7407.1300; 7800.0600; 7800.3200, subpart 1; 7805.0700; 8850.6900, subpart 20; 8855.0500, subpart 1.

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

Page 58, line 27, strike "\$ 9.50" and insert "\$6"

Page 59, line 17, delete "registrar" and insert "commissioner"

Page 60, line 11, strike everything after "fee" and delete the new language

Page 60, line 12, delete the new language and insert "under section 171.06, subdivision 2, paragraph (d)"

Page 82, after line 19, insert:

"Sec. 15. Minnesota Statutes 2004, section 473.446, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION AND COLLECTION.] Each county treasurer shall collect and make settlement of the taxes levied under subdivisions 1 and 1a and section 473.4461, subdivision 2, with the treasurer of the council. The levy of transit taxes pursuant to this section shall not affect the amount or rate of taxes which may be levied by any county or municipality or by the council for other purposes authorized by law and shall be in addition to any other property tax authorized by law.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006 and thereafter.

Sec. 16. Minnesota Statutes 2004, section 473.4461, is amended to read:

473.4461 [ADDITIONS TO TRANSIT TAXING DISTRICT.]

Subdivision 1. [SERVICE EXPANSION PLAN REQUIRED.] Notwithstanding any provision of section 473.446 or any other law, the Metropolitan Council may not levy a tax under section 473.446, subdivision 1, in any city or town not included in the transit taxing district as it existed on January 1, 2001, unless the council and the governing body of that city or town have agreed on a service expansion plan.

Subd. 2. [CONTRACTUAL AGREEMENT; PROPERTY TAX LEVY.] Notwithstanding section 473.446, subdivision 2, the Metropolitan Council may enter into an agreement with a city

or a town to join the transit taxing district. The agreement shall describe the types and levels of transit services to be provided within the area comprising the city or town. The agreement must provide that the area comprising the city or town shall be subject to the levy under section 473.446, subdivision 1. If a city or town enters into an agreement to join the transit taxing district, a copy of that portion of the agreement must be filed with the auditor or auditors of the county or counties containing the city or town.

Subd. 3. [PROPERTY TAX LEVY ALLOWED FOR OPERATIONS.] A tax levied in a city or town pursuant to an agreement under subdivision 2 may be used to fund transit operations or to pay the costs of principal and interest for transit-related bonded debt for a period of time not to exceed four years. After the four-year period, the tax levied in the city or town may be used only as provided under section 473.446, subdivision 1.

[EFFECTIVE DATE.] This section is effective the day following final enactment, for taxes payable in 2006 and thereafter."

Page 84, after line 30, insert:

"Sec. 23. [SUSPENSION OF PROGRAM TO VERIFY INSURANCE COVERAGE THROUGH SAMPLING.]

The commissioner of public safety shall take no action under Minnesota Statutes, section 169.796, subdivision 3, and shall discontinue all activities related to the program to verify insurance coverage through sampling, except as provided in sections 24 to 30.

Sec. 24. [REINSTATEMENT OF SUSPENDED LICENSES.]

The commissioner, without requiring proof of insurance or payment of a reinstatement fee, shall reinstate the driver's license of every vehicle owner whose license is suspended under Minnesota Statutes, section 169.796, subdivision 3, retroactive to the date of the suspension. The commissioner shall promptly refund any such reinstatement fees previously paid.

Sec. 25. [DISMISSAL OF CHARGES.]

All charges, complaints, and citations issued for a violation of Minnesota Statutes, section 169.796, subdivision 3, or a related violation, including driving after a license suspension imposed for failure to comply with the provisions of Minnesota Statutes, section 169.796, subdivision 3, are void and must be dismissed.

Sec. 26. [REMOVAL OF PREVIOUS VIOLATIONS.]

The commissioner shall purge from a person's driving record any notation of a violation of Minnesota Statutes, section 169.796, subdivision 3, and any notation of a related suspension or violation, including driving after a license suspension imposed for failure to comply with the provisions of Minnesota Statutes, section 169.796, subdivision 3. An insurer may not increase a premium for a policy of vehicle insurance on the basis of a violation described in this section by a named insured if the violation occurred before the effective date of this section, and any such increase previously imposed must be rescinded and any related premium increase promptly refunded.

Sec. 27. [REMEDATION FOR CONVICTIONS.]

A court in which a conviction for an offense referred to in section 25 occurred, must vacate the conviction, on its own motion, without cost to the person convicted, and must immediately notify the person that the conviction has been vacated.

Sec. 28. [REMEDATION BY INSURERS.]

(a) Insurers that issue or renew motor vehicle insurance in this state shall, within 60 days after the effective date of this section, inform the commissioner of commerce as to whether it has canceled, failed to renew, denied an application for coverage, or imposed a surcharge on any

motor vehicle insurance due to a suspension or conviction as a result of Minnesota Statutes, section 169.796, subdivision 3, provide a list of any such persons, and indicate for each person the remediation the insurer intends to provide.

(b) Remediation under paragraph (a) must compensate the victim by providing refunds and reinstatements of coverage.

(c) Insurers shall provide the remediation without requiring that the person make a request for remediation.

(d) The commissioner of commerce shall enforce this section under its general enforcement powers under Minnesota Statutes, chapter 45.

Sec. 29. [REPORT.]

The commissioner of public safety shall report to the chairs of the house of representatives and senate committees with jurisdiction over transportation policy and finance by March 15, 2006, recommendations for a vehicle insurance verification program that would identify and reduce the number of uninsured motorists.

Sec. 30. [PUBLIC SAFETY FUNDING.]

The commissioner of public safety shall use unspent funds appropriated for purposes of administering Minnesota Statutes, section 169.796, subdivision 3, to carry out the provisions of sections 24 and 26. Funds remaining at the conclusion of fiscal year 2005 may be carried over to fiscal year 2006 until expended, to complete the required provisions of sections 24 and 26, including the payment of refunds of reinstatement fees."

Pages 95 to 97, delete section 10

Page 105, line 14, delete "19.83" and insert "19.82"

Reorder the sections in sequence

Amend the title as follows:

Page 1, line 12, after the semicolon, insert "authorizing agreements between the Metropolitan Council and cities to join the transit taxing district; modifying the insurance verification program;"

Page 1, line 42, after the semicolon, insert "473.446, subdivision 3; 473.4461;"

Page 1, line 44, delete "190;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 1980 was read the second time.

MOTIONS AND RESOLUTIONS

Senator Stumpf introduced--

Senate Resolution No. 105: A Senate resolution congratulating the Warroad High School Boys Hockey team on winning the 2005 State High School Class A Boys Hockey Tournament.

Referred to the Committee on Rules and Administration.

Senator Sparks introduced--

Senate Resolution No. 106: A Senate resolution congratulating Andrew Dennison for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Betzold, designee of the Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. No. 1720, H.F. Nos. 1951, 473, S.F. Nos. 1326, 1815, 538, H.F. No. 1583, S.F. Nos. 1716, 1207, H.F. No. 128 and S.F. No. 1984.

SPECIAL ORDER

S.F. No. 1720: A bill for an act relating to human services; making agency technical amendments; changing provisions related to children and family services, health care, and continuing care programs; amending Minnesota Statutes 2004, sections 13.319, subdivision 3; 13.461, by adding a subdivision; 119B.02, subdivision 5; 119B.035, subdivision 1; 119B.074; 119B.08, subdivision 1; 119B.09, subdivision 1; 119B.26; 245.463, subdivision 2; 245.464, subdivision 1; 245.465, subdivision 1; 245.466, subdivisions 1, 5; 245.4661, subdivision 7; 245.483, subdivisions 1, 3; 245.4872, subdivision 2; 245.4873, subdivision 5; 245.4874; 245.4875, subdivisions 1, 5; 245A.16, subdivision 6; 252.24, subdivision 5; 252.282, subdivision 2; 252.46, subdivision 10; 256.045, subdivisions 3, 6, 7; 256B.04, subdivision 14; 256B.056, subdivision 1c; 256B.0625, subdivisions 5, 27; 256B.0911, subdivision 6; 256B.0913, subdivision 13; 256B.092, subdivision 1f; 256B.094, subdivision 8; 256B.0943, subdivisions 6, 12, 13; 256B.503; 256B.75; 256D.03, subdivision 3; 256G.01, subdivision 3; 256J.13, subdivision 2; 256J.21, subdivision 2; 256J.24, subdivision 5; 256J.74, subdivision 1; 256J.751, subdivision 2; 256J.95, subdivisions 2, 6, 11, 18, 19; 256L.01, subdivision 3a; 256L.04, by adding a subdivision; 256M.30, subdivision 2; 260C.212, subdivision 12; 275.62, subdivision 4; 518.6111, subdivision 7; 626.557, subdivision 12b; 626.5571, subdivision 2; Laws 1997, chapter 245, article 2, section 11, as amended; repealing Minnesota Statutes 2004, sections 119A.01, subdivision 3; 119A.20; 119A.21; 119A.22; 119A.35; 119B.21, subdivision 11; 245.713, subdivisions 2, 4; 245.716; 256.014, subdivision 3; 256.045, subdivision 3c; 256B.0629, subdivisions 1, 2, 4; 256J.95, subdivision 20; 256K.35; 626.5551, subdivision 4; Laws 1998, chapter 407, article 4, section 63.

Senator Lourey moved to amend S.F. No. 1720 as follows:

Page 29, line 29, after "entity" insert "or other certified children's therapeutic supports and services provider entity"

The motion prevailed. So the amendment was adopted.

S.F. No. 1720 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage 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	Dibble	Johnson, D.J.	LeClair	Neuville
Bachmann	Dille	Jungbauer	Limmer	Nienow
Bakk	Fischbach	Kelley	Lourey	Olson
Belanger	Frederickson	Kierlin	Marko	Ortman
Berglin	Gaither	Kleis	Marty	Ourada
Betzold	Gerlach	Koering	McGinn	Pariseau
Chaudhary	Hann	Kubly	Metzen	Ranum
Cohen	Higgins	Langseth	Michel	Reiter
Day	Hottinger	Larson	Moua	Robling

Rosen	Senjem	Solon	Tomassoni	Wiger
Ruud	Skoe	Sparks	Vickerman	
Saxhaug	Skoglund	Stumpf	Wergin	

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

SPECIAL ORDER

H.F. No. 1951: A bill for an act relating to human services; changing long-term care provisions; amending Minnesota Statutes 2004, sections 144A.071, subdivision 1a; 256B.0913, subdivision 8; 256B.0915, subdivisions 1a, 6, 9.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kubly	Nienow	Senjem
Bachmann	Gaither	Langseth	Olson	Skoe
Bakk	Gerlach	Larson	Ortman	Skoglund
Belanger	Hann	LeClair	Ourada	Solon
Berglin	Higgins	Limmer	Pappas	Sparks
Betzold	Hottinger	Lourey	Pariseau	Stumpf
Chaudhary	Johnson, D.J.	Marko	Pogemiller	Vickerman
Cohen	Jungbauer	Marty	Ranum	Wergin
Day	Kelley	McGinn	Reiter	Wiger
Dibble	Kierlin	Metzen	Robling	
Dille	Kiscaden	Michel	Rosen	
Fischbach	Kleis	Moua	Ruud	
Foley	Koering	Neuville	Saxhaug	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 473: A bill for an act relating to creditors' remedies; exempting certain jewelry from attachment, garnishment, or sale; amending Minnesota Statutes 2004, section 550.37, subdivision 4.

CALL OF THE SENATE

Senator Chaudhary imposed a call of the Senate for the balance of the proceedings on H.F. No. 473. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 473 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Gaither	Jungbauer	Larson
Bachmann	Day	Gerlach	Kierlin	LeClair
Bakk	Dibble	Hann	Kiscaden	Limmer
Belanger	Dille	Higgins	Kleis	Lourey
Berglin	Fischbach	Hottinger	Koering	Marko
Betzold	Foley	Johnson, D.E.	Kubly	Marty
Chaudhary	Frederickson	Johnson, D.J.	Langseth	McGinn

Metzen	Ortman	Robling	Skoe	Vickerman
Michel	Ourada	Rosen	Skoglund	Wergin
Moua	Pappas	Ruud	Solon	Wiger
Neuville	Pariseau	Saxhaug	Sparks	
Nienow	Pogemiller	Scheid	Stumpf	
Olson	Ranum	Senjem	Tomassoni	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1326: A bill for an act relating to natural resources; providing for an official map of state forest roads as an alternative recording method; proposing coding for new law in Minnesota Statutes, chapter 89.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kubly	Olson	Senjem
Bachmann	Gaither	Langseth	Ortman	Skoe
Bakk	Gerlach	Larson	Ourada	Skoglund
Belanger	Hann	LeClair	Pappas	Solon
Berglin	Higgins	Limmer	Pariseau	Sparks
Betzold	Hottinger	Lourey	Pogemiller	Stumpf
Chaudhary	Johnson, D.E.	Marko	Ranum	Tomassoni
Cohen	Johnson, D.J.	Marty	Reiter	Vickerman
Day	Jungbauer	McGinn	Robling	Wergin
Dibble	Kierlin	Metzen	Rosen	Wiger
Dille	Kiscaden	Moua	Ruud	
Fischbach	Kleis	Neuville	Saxhaug	
Foley	Koering	Nienow	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1815: A bill for an act relating to commerce; modifying various requirements for licensees of the Department of Commerce; amending Minnesota Statutes 2004, sections 60K.36, subdivision 2; 60K.37, subdivision 1; 60K.38, subdivision 1; 60K.39, subdivision 3; 82.31, subdivision 5; 82.32; 82B.02, by adding a subdivision; 82B.10, subdivision 4; 82B.11, subdivision 6; 82B.13, subdivisions 1, 3, 4, 5; 82B.14; 82B.19, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 45; 82B; repealing Minnesota Statutes 2004, section 82B.221; Minnesota Rules, part 2808.2200.

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 0, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Gaither	Jungbauer	Larson
Bachmann	Day	Gerlach	Kierlin	LeClair
Bakk	Dibble	Hann	Kiscaden	Limmer
Belanger	Dille	Higgins	Kleis	Lourey
Berglin	Fischbach	Hottinger	Koering	Marko
Betzold	Foley	Johnson, D.E.	Kubly	Marty
Chaudhary	Frederickson	Johnson, D.J.	Langseth	McGinn

Metzen	Ortman	Reiter	Senjem	Tomassoni
Michel	Ourada	Robling	Skoe	Vickerman
Moua	Pappas	Rosen	Skoglund	Wergin
Neuville	Pariseau	Ruud	Solon	Wiger
Nienow	Pogemiller	Saxhaug	Sparks	
Olson	Ranum	Scheid	Stumpf	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 538: A bill for an act relating to health; providing for education of parents, primary caregivers, and child care providers on the dangers associated with shaking infants and young children; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 144; 245A.

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 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kubly	Nienow	Scheid
Bachmann	Gaither	Langseth	Olson	Senjem
Bakk	Gerlach	Larson	Ortman	Skoe
Belanger	Hann	LeClair	Ourada	Skoglund
Berglin	Higgins	Limmer	Pappas	Solon
Betzold	Hottinger	Lourey	Pariseau	Sparks
Chaudhary	Johnson, D.E.	Marko	Pogemiller	Stumpf
Cohen	Johnson, D.J.	Marty	Ranum	Tomassoni
Day	Jungbauer	McGinn	Reiter	Vickerman
Dibble	Kierlin	Metzen	Robling	Wergin
Dille	Kiscaden	Michel	Rosen	Wiger
Fischbach	Kleis	Moua	Ruud	
Foley	Koering	Neuville	Saxhaug	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1583: A bill for an act relating to consumer protection; regulating membership travel contracts; amending Minnesota Statutes 2004, sections 325G.50; 325G.505, subdivision 3; 325G.51; proposing coding for new law in Minnesota Statutes, chapter 325G.

Senator Gerlach moved that the amendment made to H.F. No. 1583 by the Committee on Rules and Administration in the report adopted May 11, 2005, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1583 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chaudhary	Foley	Hottinger	Kleis
Bachmann	Cohen	Frederickson	Johnson, D.E.	Koering
Bakk	Day	Gaither	Johnson, D.J.	Kubly
Belanger	Dibble	Gerlach	Jungbauer	Langseth
Berglin	Dille	Hann	Kierlin	Larson
Betzold	Fischbach	Higgins	Kiscaden	LeClair

Limmer	Moua	Pariseau	Scheid	Vickerman
Lourey	Neuville	Pogemiller	Senjem	Wergin
Marko	Nienow	Ranum	Skoe	Wiger
Marty	Olson	Reiter	Skoglund	
McGinn	Ortman	Rosen	Solon	
Metzen	Ourada	Ruud	Sparks	
Michel	Pappas	Saxhaug	Tomassoni	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1716: A bill for an act relating to workers' compensation; adopting recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2004, sections 176.011, subdivision 9; 176.041, by adding a subdivision; 176.081, subdivision 1; 176.092, subdivision 1a; 176.102, subdivision 3a; 176.106, subdivision 1; 176.129, subdivisions 1b, 2a, 13; 176.135, subdivisions 1, 7; 176.1351, subdivision 5; 176.1812, subdivision 1; 176.185, subdivisions 1, 7, by adding a subdivision; 176.231, subdivision 5; 176.238, subdivision 10; 176.391, subdivision 2; repealing Minnesota Statutes 2004, section 176.1812, subdivision 6.

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	Frederickson	Koering	Neuville	Saxhaug
Bachmann	Gaither	Kubly	Nienow	Scheid
Bakk	Gerlach	Langseth	Olson	Senjem
Belanger	Hann	Larson	Ortman	Skoe
Berglin	Higgins	LeClair	Ourada	Skoglund
Betzold	Hottinger	Limmer	Pappas	Solon
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Sparks
Cohen	Johnson, D.J.	Marko	Pogemiller	Stumpf
Day	Jungbauer	Marty	Ranum	Tomassoni
Dibble	Kelley	McGinn	Reiter	Vickerman
Dille	Kierlin	Metzen	Robling	Wergin
Fischbach	Kiscaden	Michel	Rosen	Wiger
Foley	Kleis	Moua	Ruud	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1207: A bill for an act relating to courts; limiting postconviction relief; setting conditions for petitions; amending Minnesota Statutes 2004, section 590.01, subdivision 1, 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 0, as follows:

Those who voted in the affirmative were:

Anderson	Chaudhary	Foley	Hottinger	Kiscaden
Bachmann	Cohen	Frederickson	Johnson, D.E.	Kleis
Bakk	Day	Gaither	Johnson, D.J.	Koering
Belanger	Dibble	Gerlach	Jungbauer	Kubly
Berglin	Dille	Hann	Kelley	Langseth
Betzold	Fischbach	Higgins	Kierlin	Larson

LeClair	Michel	Pappas	Ruud	Sparks
Limmer	Moua	Pariseau	Saxhaug	Stumpf
Lourey	Neuville	Pogemiller	Scheid	Tomassoni
Marko	Nienow	Ranum	Senjem	Vickerman
Marty	Olson	Reiter	Skoe	Wergin
McGinn	Ortman	Robling	Skoglund	Wiger
Metzen	Ourada	Rosen	Solon	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 128: A bill for an act relating to civil actions; authorizing the recovery of attorney fees by funeral providers in actions to recover costs of services; proposing coding for new law in Minnesota Statutes, chapter 149A.

Senator Wergin moved that the amendment made to H.F. No. 128 by the Committee on Rules and Administration in the report adopted April 21, 2005, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 128 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 1, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Kubly	Nienow	Scheid
Bachmann	Gerlach	Langseth	Olson	Senjem
Bakk	Hann	Larson	Ortman	Skoe
Belanger	Higgins	LeClair	Ourada	Skoglund
Betzold	Hottinger	Limmer	Pappas	Solon
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Sparks
Cohen	Johnson, D.J.	Marko	Pogemiller	Stumpf
Day	Jungbauer	Marty	Ranum	Tomassoni
Dibble	Kelley	McGinn	Reiter	Vickerman
Dille	Kierlin	Metzen	Robling	Wergin
Fischbach	Kiscaden	Michel	Rosen	Wiger
Foley	Kleis	Moua	Ruud	
Frederickson	Koering	Neuville	Saxhaug	

Those who voted in the negative were:

Berglin

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1984: A bill for an act relating to employment; increasing the penalty for failure to pay a discharged employee within 24 hours; modifying the penalty for failure to pay benefits or wage supplements; increasing the penalty for violation of migrant worker payment requirements; amending Minnesota Statutes 2004, sections 181.11; 181.74, subdivision 1; 181.89, 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Bachmann	Bakk	Belanger	Berglin
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Betzold	Higgins	Larson	Olson	Scheid
Chaudhary	Hottinger	LeClair	Ortman	Senjem
Cohen	Johnson, D.E.	Limmer	Ourada	Skoe
Day	Johnson, D.J.	Lourey	Pappas	Skoglund
Dibble	Jungbauer	Marko	Pariseau	Solon
Dille	Kelley	Marty	Pogemiller	Sparks
Fischbach	Kierlin	McGinn	Ranum	Stumpf
Foley	Kiscaden	Metzen	Reiter	Tomassoni
Frederickson	Kleis	Michel	Robling	Vickerman
Gaither	Koering	Moua	Rosen	Wergin
Gerlach	Kubly	Neuville	Ruud	Wiger
Hann	Langseth	Nienow	Saxhaug	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Senator LeClair introduced--

S.F. No. 2302: A bill for an act relating to state government; designating the state fruit; proposing coding for new law in Minnesota Statutes, chapter 1.

Referred to the Committee on State and Local Government Operations.

RECESS

Senator Johnson, D.E. 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

Senator Johnson, D.E. 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 Orders of Business of Messages From the House, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1420:

H.F. No. 1420: A bill for an act relating to agriculture; appropriating money for agricultural purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the issuance of state bonds; amending Minnesota Statutes 2004, sections 13.643, by adding a subdivision; 17.03, subdivision 13; 17.117, subdivision 11, by adding a subdivision; 17.452, by adding a subdivision; 17.982, subdivision 1; 17.983, subdivisions 1, 3; 17B.03, subdivision 1; 18B.08, subdivision 4; 18B.26, subdivision 3; 18B.31, subdivision 5; 18B.315, subdivision 6; 18B.32, subdivision 6; 18B.33, subdivision 7; 18B.34, subdivision 5; 18C.141, subdivisions 1, 3, 5; 18C.425, subdivision 6; 18E.03, subdivision 2; 18G.03, subdivision 1; 18G.10, subdivisions 5, 7; 18H.02, subdivisions 21, 22, 23, 32, 34, by adding a subdivision; 18H.05; 18H.06; 18H.07, subdivisions 1, 2, 3; 18H.09; 18H.13, subdivision 1; 18H.15; 18H.18, subdivision 1; 19.64, subdivision 1; 25.341, subdivision 2; 25.39, subdivisions 1, 4; 31.94; 35.02, subdivision 1; 35.03; 35.05; 35.155; 38.01; 38.16; 41A.09, subdivisions 2a, 3a; 41B.046, subdivision 5; 41B.049, subdivisions 2, 4; 116.07, subdivision 7a; 174.52, subdivision 5; 223.17, subdivisions 3, 6; 231.08, by adding subdivisions; 231.09; 231.11; 231.16; 231.18, subdivisions 3, 5; 232.22, subdivision 3; 236.02, subdivision 4; 327.23, subdivision 2, by adding a subdivision; 394.25, subdivision 3c; 462.355, subdivision 4; 462.357, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 16C; 25; 35; 41B; 156; 231; 583; 604; repealing Minnesota Statutes 2004, sections 17.451; 17.452, subdivisions 6, 6a, 7, 10, 11, 12, 13, 13a, 14, 15, 16; 17.983, subdivision 2; 18B.065, subdivision 5; 18H.02, subdivisions 15, 19; 19.64, subdivision 4a; 35.0661, subdivision 4; 41B.046, subdivision 3; Laws 1986, chapter 398, article 1, section 18, as amended; Minnesota Rules, parts 1560.7700; 1560.7750; 1560.7800; 1560.7850; 1560.7900; 1560.8000; 1560.8100; 1560.8200; 1560.8300; 1560.8400; 1560.8500; 1560.8600; 1560.8700; 1560.8800.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Ozment, Dill, Gunther, Hackbarth and Penas have been appointed as such committee on the part of the House.

House File No. 1420 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 16, 2005

Senator Bakk moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1420, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1976:

H.F. No. 1976: A bill for an act relating to state government; appropriating money for jobs, economic development, and human services purposes; establishing and modifying certain programs; providing for accounts, assessments and fees; making changes to programs for children and families; requiring studies and reports; amending Minnesota Statutes 2004, sections 41A.09, subdivision 2a; 60A.14, subdivision 1; 60K.55, subdivision 2; 72A.20, by adding a subdivision; 72B.04, subdivision 10; 82B.05, subdivisions 1, 5; 82B.09, subdivision 1; 115C.07, subdivision 3; 115C.09, subdivision 3h; 115C.13; 116C.779, subdivision 2; 116J.551, subdivision 1; 116J.571; 116J.572; 116J.574; 116J.575, as amended; 116J.63, subdivision 2; 116J.8731, subdivision 5; 116J.8747, subdivision 2; 116J.994, subdivisions 7, 9; 116L.03, subdivision 2; 116L.05, by adding a subdivision; 116L.17, subdivision 1; 116L.20, subdivision 2; 119B.02, by adding a subdivision; 119B.13, subdivision 1, by adding a subdivision; 120A.40; 183.41, by adding a subdivision; 183.411, subdivisions 2a, 3; 183.42; 183.44, subdivision 1; 183.51, subdivision 2, by adding a

subdivision; 183.545; 183.57; 216C.41, subdivisions 2, 5, 5a; 237.11; 237.295, subdivisions 1, 2; 239.011, subdivision 2; 239.05, subdivision 10b, by adding a subdivision; 239.09; 239.101, subdivision 3; 239.75, subdivisions 1, 5; 239.761; 239.77, by adding a subdivision; 239.79, subdivision 4; 239.791, subdivisions 1, 7, 8, 15; 239.792; 245A.023; 245A.10, subdivision 4; 254A.035, subdivision 2; 254A.04; 256.01, by adding subdivisions; 256.741, subdivision 4; 256B.0924, subdivision 3; 256B.093, subdivision 1; 256D.06, subdivisions 5, 7, by adding a subdivision; 256I.05, subdivision 1e; 256J.12, subdivision 1, by adding a subdivision; 256J.37, subdivision 3a; 256J.515; 256J.751, subdivision 2; 256J.95, by adding subdivisions; 256K.35, by adding a subdivision; 260.835; 268.19, subdivision 1; 296A.01, subdivisions 2, 7, 8, 14, 19, 20, 22, 23, 24, 25, 26, 28; 298.22, by adding a subdivision; 326.975, subdivision 1; 345.47, subdivisions 3, 3a; 373.40, subdivisions 1, 3; 462A.05, subdivision 3a; 462A.33, subdivision 2; 517.08, subdivisions 1b, 1c; Laws 1999, chapter 224, section 7, as amended; Laws 2003, chapter 128, article 1, section 172; proposing coding for new law in Minnesota Statutes, chapters 45; 116L; 237; 256K; 325F; proposing coding for new law as Minnesota Statutes, chapter 59B; repealing Minnesota Statutes 2004, sections 45.0295; 116J.573; 116J.58, subdivision 3; 116L.05, subdivision 4; 119B.074; 239.05, subdivisions 6a, 6b; 256D.54, subdivision 3; 462C.15; Laws 2003, First Special Session chapter 14, article 9, section 34; Minnesota Rules, parts 9500.1254; 9500.1256.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Ozment, Dill, Gunther, Hackbarth and Penas have been appointed as such committee on the part of the House.

House File No. 1976 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives
Transmitted May 16, 2005

Senator Bakk moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1976, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

REPORTS OF COMMITTEES

Senator Johnson, D.E. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 1057: A bill for an act relating to state employment; providing voluntary unpaid leave options and early retirement incentives to state employees.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

VARIOUS RETIREMENT PLAN CONTRIBUTION

RATE INCREASES

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

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to 4.0 percent of salary. Beginning on July 1, 2007, the employee contribution must be equal

to 4.25 percent of salary. Beginning on July 1, 2008, the employee contribution must be equal to 4.50 percent of salary. Beginning on July 1, 2009, the employee contribution must be equal to 4.75 percent of salary. Beginning on July 1, 2010, the employee contribution must be equal to 5.0 percent of salary. These contributions must be made by deduction from salary as provided in subdivision 4.

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

Subd. 3. [EMPLOYER CONTRIBUTIONS.] The employer contribution to the fund must be equal to 4.0 percent of salary. Beginning on July 1, 2007, the employer contribution must be equal to 4.25 percent of salary. Beginning on July 1, 2008, the employer contribution must be equal to 4.50 percent of salary. Beginning on July 1, 2009, the employer contribution must be equal to 4.75 percent of salary. Beginning on July 1, 2010, the employer contribution must be equal to 5.0 percent of salary.

Sec. 3. Minnesota Statutes 2004, section 352.92, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] Employee contributions of covered correctional employees must be in an amount equal to 5.69 a percent of salary. Beginning July 1, 2007, through June 30, 2008, the employee contribution must be equal to 6.4 percent of salary. Beginning July 1, 2008, through June 30, 2009, the employee contribution must be equal to 7.0 percent of salary. Beginning July 1, 2009, through June 30, 2010, the employee contribution must be equal to 7.7 percent of salary. Beginning July 1, 2010, the ongoing employee contribution must be equal to 8.6 percent of salary.

Sec. 4. Minnesota Statutes 2004, section 352.92, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for covered correctional employees an amount equal to 7.98 a percent of salary. Beginning July 1, 2007, through June 30, 2008, the employer contribution must be equal to 9.1 percent of salary. Beginning July 1, 2008, through June 30, 2009, the employer contribution must be equal to 10.1 percent of salary. Beginning July 1, 2009, through June 30, 2010, the employer contribution must be equal to 11.1 percent of salary. Beginning July 1, 2010, the ongoing employer contribution must be equal to 12.1 percent of salary.

Sec. 5. Minnesota Statutes 2004, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTIONS.] Each member shall pay a sum equal to 8.40 a percent of the member's salary, which shall constitute the member contribution to the fund. Beginning July 1, 2007, through June 30, 2008, each member contribution shall be equal to 9.1 percent of salary. Beginning July 1, 2008, the ongoing member contribution amount shall be equal to 9.8 percent of salary.

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

Subd. 1c. [EMPLOYER CONTRIBUTIONS.] In addition to member contributions, department heads shall pay a sum equal to 12.60 a percent of the salary upon which deductions were made, which shall constitute the employer contribution to the fund. Beginning July 1, 2007, through June 30, 2008, the employer contribution shall be equal to 13.6 percent of salary. Beginning July 1, 2008, the ongoing employer contribution amount shall be equal to 14.6 percent of salary. Department contributions must be paid out of money appropriated to departments for this purpose.

Sec. 7. Minnesota Statutes 2004, section 352D.04, subdivision 2, is amended to read:

Subd. 2. [CONTRIBUTION RATES.] (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

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

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

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

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

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

Sec. 8. Minnesota Statutes 2004, section 353.27, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION.] (a) The employee contribution is the following applicable percentage of the total salary amount for a "basic member" and for a "coordinated member":

	Basic Program	Coordinated Program
Before January 1, 2002	8.75	4.75
Effective January 1, 2002		
Effective before January 1, 2006	9.10	5.10
Effective January 1, 2006	9.10	5.50
Effective January 1, 2007	9.10	5.75
Effective January 1, 2008	9.10	6.00 plus any contribution rate adjustment under subdivision 3b

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. ~~Where~~ If any portion of a member's salary is paid from other than public funds, ~~such~~ the member's employee contribution must be based on the total salary received by the member from all sources.

Sec. 9. Minnesota Statutes 2004, section 353.27, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION.] (a) The employer contribution is the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Before January 1, 2002	8.75	4.75
Effective January 1, 2002		
Effective before January 1, 2006	9.10	5.10
Effective January 1, 2006	9.10	5.50
Effective January 1, 2007	9.10	5.75
Effective January 1, 2008	9.10	6.00 plus any contribution rate adjustment under subdivision 3b

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 10. Minnesota Statutes 2004, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL EMPLOYER CONTRIBUTION.] (a) An additional employer contribution must be made equal to ~~(1) 2.68 percent of the following applicable percentage of the total salary of each amount for "basic member members"; and (2) .43 percent of the total salary of each for "coordinated member. members":~~

	<u>Basic Program</u>	<u>Coordinated Program</u>
<u>Effective before January 1, 2006</u>	<u>2.68</u>	<u>.43</u>
<u>Effective January 1, 2006</u>	<u>2.68</u>	<u>.50</u>
<u>Effective January 1, 2009</u>	<u>2.68</u>	<u>.75</u>
<u>Effective January 1, 2010</u>	<u>2.68</u>	<u>1.00</u>

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

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

(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.

Sec. 11. Minnesota Statutes 2004, section 353.27, is amended by adding a subdivision to read:

Subd. 3b. [CHANGE IN EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.] (a) For purposes of this section, a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Employee and employer contributions under subdivisions 2 and 3 must be adjusted:

(1) if, after July 1, 2010, the regular actuarial valuations of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater than 0.5 percent of covered payroll for two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after July 1, 2010, the regular actuarial valuations of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for two consecutive years, the

coordinated program employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) The contribution rate increase or decrease must be determined by the executive director of the Public Employees Retirement Association, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1, and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency has existed for two consecutive fiscal years based on the most recent actuarial valuations under section 356.215. If the actuarially required contribution exceeds or is less than the total support provided by the combined employee and employer contribution rates by more than 0.5 percent of covered payroll, the coordinated program employee and employer contribution rates must be adjusted incrementally over one or more years to a level such that there remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

(d) No incremental adjustment may exceed 0.25 percent for either the coordinated program employee and employer contribution rates per year in which any adjustment is implemented. A contribution rate adjustment under this subdivision must not be made until at least two years have passed since fully implementing a previous adjustment under this subdivision.

Sec. 12. Minnesota Statutes 2004, section 353.65, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION RATE.] (a) The employee contribution is an amount equal to ~~6.2~~ the percent of the total salary of the member specified in paragraph (b). This contribution 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, the member's employee contribution is based on the total salary received from all sources.

(b) For calendar year 2006, the employee contribution rate is 7.0 percent. For calendar year 2007, the employee contribution rate is 7.8 percent. For calendar year 2008, the employee contribution rate is 8.6 percent. For calendar year 2009 and thereafter, the employee contribution rate is 9.4 percent.

Sec. 13. Minnesota Statutes 2004, section 353.65, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION RATE.] (a) The employer contribution shall be an amount equal to ~~9.3~~ the percent of the total salary of every member as specified in paragraph (b). This contribution shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

(b) For calendar year 2006, the employer contribution rate is 10.5 percent. For calendar year 2007, the employer contribution rate is 11.7 percent. For calendar year 2008, the employer contribution rate is 12.9 percent. For calendar year 2009 and thereafter, the employer contribution rate is 14.1 percent.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 7 are effective on July 1, 2007.

(b) Sections 3 to 6 are effective on July 1, 2005.

(c) Sections 8 to 13 are effective on January 1, 2006.

ARTICLE 2

TEACHER RETIREMENT FUND AND BENEFIT RESTRUCTURING

Section 1. [126C.458] [LEVY FOR EARLY RETIREMENT COSTS.]

Each year, a school district may levy for the additional employer contributions required under section 354.42, subdivision 3.

Sec. 2. [128D.18] [FUNDING OF UNFUNDED PENSION LIABILITIES.]

Subdivision 1. [FINANCING AUTHORITY.] Notwithstanding any other law to the contrary, Special School District No. 1, Minneapolis, may finance all or a portion of the current and future unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement Fund Association through the issuance of pension obligation bonds under this section.

Subd. 2. [USE OF PROCEEDS.] The proceeds of the bonds issued, less costs, must be paid to the State Board of Investment to be deposited as a payment toward the funding of the unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement Fund Association owed by Special School District No. 1, Minneapolis, and must be credited as an asset of the Teachers Retirement Association.

Subd. 3. [APPROPRIATIONS.] Notwithstanding any law to the contrary, special direct state aid, matching aid, and other contributions levied for the Teachers Retirement Association under section 354A.12, subdivisions 3a and 3b, and amortization or supplementary amortization state aid reallocated to the Teachers Retirement Association under section 423A.02 are pledged and appropriated to the payment of the bonds and must be transferred to Special School District No. 1, Minneapolis, and additional employer contributions levied by Special School District No. 1, Minneapolis, under section 354A.12, subdivision 3b, shall be retained by the district to the extent required to pay debt service on the bonds for the succeeding 12-month period or a longer period established pursuant to the resolution of the district authorizing the bonds.

Subd. 4. [NO ELECTION.] No election of the voters of the district shall be required to issue bonds authorized by this section.

Subd. 5. [TERMS AND SALE OF BONDS.] The bonds issued pursuant to this section shall bear interest at the rate or rates and mature on the date or dates not more than 30 years from the date of issue as the district shall determine by resolution. Interest may be at a fixed or variable rate. The bonds may be sold and issued on terms and in a manner that Special School District No. 1, Minneapolis, determines is in its best interests and in the best interests of the state.

Subd. 6. [THIS SECTION PREVAILS.] Notwithstanding any other law to the contrary, this section shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued.

Subd. 7. [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.] The state pledges and agrees with the holders of bonds issued under this section that the state will not limit or alter the rights vested in Special School District No. 1, Minneapolis, to fulfill the terms of any agreements made with the bondholders or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The district may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

Subd. 8. [NOT NET DEBT.] Bonds ended under this section not in default shall not be deemed net debt under any law limiting indebtedness.

Subd. 9. [AID REDUCTION FOR REPAYMENT.] If the amount transferred by Special School District No. 1, Minneapolis, to the paying agent for the bonds is insufficient to pay required debt service, the paying agent shall notify the commissioner of finance. The commissioner shall reduce any and all unrestricted state aids generally available to the school district by the amount of the deficiency and pay the amounts to the paying agent for the bonds for the payment of debt service. If the state aids are reduced pursuant to this subdivision, the district may levy a tax in the amount of the reduction in state aid. Notwithstanding any other law to the contrary, no election of the voters of the district is required for the levy and the levy is not subject to other levy limitations.

Sec. 3. [128D.181] [AID REDEDICATION.]

Notwithstanding any law to the contrary and subject to section 2, special direct state aid previously paid to the Minneapolis Teachers Retirement Fund Association under section 354A.12, subdivision 3a, must be paid to the Teachers Retirement Association.

Sec. 4. Minnesota Statutes 2004, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of the state located outside of the corporate limits of ~~a city of the first class~~ the city of Duluth or the city of St. Paul, or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, but excluding the University of Minnesota, whether the position be a public office or an employment, and not including the members or officers of any general governing or managing board or body;

(2) an employee of the Teachers Retirement Association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person who renders part-time teaching service or who is a customized trainer as defined by the Minnesota State Colleges and Universities system if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(3) a person exempt from licensure under section 122A.30.

Sec. 5. Minnesota Statutes 2004, section 354.05, subdivision 13, is amended to read:

Subd. 13. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by

Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611, or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51, or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) MS 2002 (Expired)

(9) A period of time during which a teacher who is a state employee was on strike without pay, not to exceed a period of one year, if the teacher makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the teacher must be an amount equal to the employee and employer contribution rates set forth in section 354.42, subdivisions 2 and 3, applied to the teacher's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies, or

(10) A period of service before July 1, 2005, that was credited by the Minneapolis Teachers Retirement Fund Association and that was rendered by a teacher as an employee of Special School District No. 1, Minneapolis, or by an employee of the Minneapolis Teachers Retirement Fund Association who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2005, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4.

Sec. 6. Minnesota Statutes 2004, section 354.42, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE.] (a) The employee contribution to the fund is an amount equal to the following percentage of the salary of a member:

(1) after July 1, 2005, for a teacher employed by Special School District No. 1, Minneapolis, 5.5 percent if the teacher is a coordinated member and 9.0 percent if the teacher is a basic member;

(2) for every other teacher, 5.0 percent if the salary of every teacher is a coordinated member and 9.0 percent if the salary of every teacher is a basic member.

(b) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 7. Minnesota Statutes 2004, section 354.42, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER.] (a) The employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 8.64 percent of the salary of each of its teachers who is a coordinated member and 12.64 percent of the salary of each of its teachers who is a basic member.

(b) The employer contribution to the fund for every other employer is an amount equal to 5.0 5.5 percent of the salary of each coordinated member and 9.0 percent of the salary of each basic member.

(c) As payment toward the cost of the unfunded actuarial accrued liability transferred to the Teachers Retirement Association from the former Minneapolis Teachers Retirement Fund Association, a supplemental contribution of 0.26 percent of the covered payroll of the fund must be made each fiscal year through June 30, 2035. One-third of the dollar amount of this supplemental contribution must be paid each by Special School District No. 1, Minneapolis, the city of Minneapolis, and the state of Minnesota. On or before October 1, annually, the executive director of the Teachers Retirement Association shall calculate the expected total dollar amount of the supplemental contribution for the calendar year and shall certify the portion payable by each governmental entity. The amount is payable in full on or before the following June 1.

Sec. 8. Minnesota Statutes 2004, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) 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.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in paragraph (a), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered prior to July 1, 2005:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

For service rendered on or after July 1, 2005, the average salary as defined in paragraph (a), multiplied by the following percentages per year of service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

<u>Each year of service during first ten</u>	<u>Coordinated Member</u> <u>the percent</u> <u>specified in</u> <u>section 356.315,</u> <u>subdivision 1a,</u> <u>per year</u>	<u>Basic Member</u> <u>the percent</u> <u>specified in</u> <u>section 356.315,</u> <u>subdivision 3,</u> <u>per year</u>
<u>Each year of service after ten years of service</u>	<u>Coordinated Member</u> <u>the percent</u> <u>specified in</u> <u>section 356.315,</u> <u>subdivision 2a,</u> <u>per year</u>	<u>Basic Member</u> <u>the percent</u> <u>specified in</u> <u>section 356.315,</u> <u>subdivision 4,</u> <u>per year</u>

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

(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 paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(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 paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in paragraph (a) multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.315, subdivision 2, for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the basic member is entitled. For a coordinated member, the average salary, as defined in paragraph (a) multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered prior to July 1, 2005, and by the percent specified in section 356.315, subdivision 2a, for each year of service rendered on or after July 1, 2005, shall determine the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) 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.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five

successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 9. [354.70] [CONSOLIDATION OF THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.]

Subdivision 1. [MEMBERSHIP TRANSFER.] All active, inactive, and retired members of the Minneapolis Teachers Retirement Fund Association are transferred to the Teachers Retirement Association and are no longer members of the Minneapolis Teachers Retirement Fund Association as of the effective date of this section.

Subd. 2. [TRA MEMBERSHIP.] A person first hired as a teacher by Special School District No. 1, Minneapolis, after the effective date of this section and who is a teacher as defined in section 354.05, subdivision 2, is a member of the Teachers Retirement Association for the person's teaching service.

Subd. 3. [SERVICE CREDIT AND LIABILITY TRANSFER.] All allowable service and salary credit of the members and other individuals transferred under subdivision 1 as specified in the records of the Minneapolis Teachers Retirement Fund Association on the transfer date is allowable service credit under section 354.05, subdivision 13, formula service credit under section 354.05, subdivision 25, and salary credit under section 354.05, subdivision 35, for the Teachers Retirement Association.

Subd. 4. [TRANSFER OF RECORDS.] On the effective date of this section, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall effect a transfer of all records and documents relating to the funds and the benefit plans of the association to the executive director of the Teachers Retirement Association. To the extent possible, original copies of all records and documents must be transferred. The chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall certify the accuracy of all records and documents for which the transfer of original copies was not possible.

Subd. 5. [TRANSFER OF ASSETS.] (a) On the effective date of this section, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall transfer to the Teachers Retirement Association the entire assets of the Minneapolis Teachers Retirement Fund Association. The transfer of the assets of the Minneapolis Teachers Retirement Fund Association must include any accounts receivable that are determined by the executive director of the State Board of Investment as reasonably capable of being collected. Legal title to account receivables that are determined by the executive director of the State Board of Investment as not reasonably capable of being collected transfers to Special School District No. 1, Minneapolis, as of the date of the determination of the executive director of the State Board of Investment. If the account receivables transferred to Special School District No. 1, Minneapolis, are subsequently recovered by the school district, the superintendent of Special School District No. 1, Minneapolis, shall transfer the recovered amount to the executive director of the Teachers Retirement Association, in cash, for deposit in the teachers retirement fund, less the reasonable expenses of the school district related to the recovery.

(b) As of the effective date of this section, subject to the authority of the State Board of Investment, the board of directors of the Teachers Retirement Association has legal title to and management responsibility for any transferred assets under this subdivision as trustees for any person having a beneficial interest in the Minneapolis Teachers Retirement Fund Association. The Teachers Retirement Association is the successor in interest for all claims for and against the former coordinated program of the Minneapolis Teachers Retirement Fund Association with respect to the retirement fund association, except a claim against the Minneapolis Teachers Retirement Fund Association or any person connected with the fund association in a fiduciary capacity, based on any act or acts by that person which were not done in good faith and which constituted a breach of the obligation of the person as a fiduciary. As the successor in interest, the Teachers Retirement Association may assert any applicable defense in any judicial proceeding which the board of the Minneapolis Teachers Retirement Fund Association would have otherwise been entitled to assert relating to the coordinated program.

(c) From the assets of the Minneapolis Teachers Retirement Fund Association transferred to the Teachers Retirement Association, an amount equal to the percentage figure that represents the ratio between the market value of the Minnesota postretirement investment fund as of June 30, 2005, and the required reserves of the Minnesota postretirement investment fund as of June 30, 2005, applied to the present value of future benefits payable to annuitants of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2005, including any postretirement adjustment from the Minnesota postretirement investment fund expected to be payable on January 1, 2006, must be transferred to the Minnesota postretirement investment fund. The executive director of the State Board of Investment shall estimate this ratio at the time of the transfer. By January 1, 2006, after all necessary financial information becomes available to determine the actual funded ratio of the Minnesota postretirement investment fund, the postretirement fund must refund to the Teachers Retirement Association any excess assets or the Teachers Retirement Association must contribute any deficiency to the Minnesota postretirement investment fund with interest under section 11A.18, subdivision 6. The balance of the assets of the former Minneapolis Teachers Retirement Fund Association after the transfer to the Minnesota postretirement investment fund must be credited to the Teachers Retirement Association.

If the assets transferred by the Minneapolis Teachers Retirement Fund Association to the Teachers Retirement Association are insufficient to meet its obligation to the Minnesota postretirement investment fund, additional assets must be transferred by the executive director of the Teachers Retirement Association to meet the amount required.

Subd. 6. [BENEFIT CALCULATION.] (a) For every deferred, inactive, disabled, and retired member of the Minneapolis Teachers Retirement Fund Association transferred under subdivision 1, and the survivors of these members, annuities or benefits earned before the date of the transfer, other than future postretirement adjustments, must be calculated and paid by the Teachers Retirement Association under the laws, articles of incorporation, and bylaws of the former Minneapolis Teachers Retirement Fund Association that were in effect relative to the person on the date of the person's termination of active service covered by the former Minneapolis Teachers Retirement Fund Association.

(b) Former Minneapolis Teachers Retirement Fund Association members who retired before July 1, 2005, must receive postretirement adjustments after January 1, 2006, only as provided in section 11A.18. All other benefit recipients of the former Minneapolis Teachers Retirement Fund Association must receive postretirement adjustments after January 1, 2006, only as provided in section 356.41.

Subd. 7. [TERMINATION OF THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] As of the effective date of this section and upon the transfer of administration, records, assets, and liabilities from the Minneapolis Teachers Retirement Fund Association to the Teachers Retirement Association, the Minneapolis Teachers Retirement Fund Association ceases to exist as a Minnesota public pension plan.

Sec. 10. [354.75] [MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID REDEDICATED.]

Subdivision 1. [APPROPRIATION.] The positive difference, if any, between the actual state aid paid to the Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated from the general fund to the commissioner of finance for deposit in the Teachers Retirement Association to offset all or a portion of the current and future unfunded actuarial accrued liability of the Minneapolis Teachers Retirement Fund Association.

Subd. 2. [FINANCIAL REQUIREMENTS.] The appropriation in subdivision 1 is available to the extent that financial requirements of the Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, have been satisfied.

Sec. 11. Minnesota Statutes 2004, 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(l), 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. 12. Minnesota Statutes 2004, section 354A.011, subdivision 27, is amended to read:

Subd. 27. [TEACHER.] (a) "Teacher" means any person who renders service for a public school district, other than a charter school, located in the corporate limits of ~~one of the cities of the first class which was so classified on January 1, 1979~~ Duluth and St. Paul, as any of the following:

(1) a full-time employee in a position for which a valid license from the state Department of Education is required;

(2) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement Fund established pursuant to chapter 422A;

(3) a part-time employee in a position for which a valid license from the state Department of Education is required; or

(4) a part-time employee in a position for which a valid license from the state Department of Education is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service may not be covered by the association.

(b) The term does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the Teachers Retirement Association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2;

(5) a teacher employed by a charter school, irrespective of the location of the school; or

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 13. Minnesota Statutes 2004, section 354A.021, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] There is established a teachers retirement fund association in each of the cities of ~~the first class which were so classified on January 1, 1979~~ Duluth and St. Paul. The associations shall be known respectively as the "Duluth Teachers Retirement Fund Association," ~~the "Minneapolis Teachers Retirement Fund Association"~~ and the "St. Paul Teachers Retirement Fund Association." Each association shall be a continuation of the teachers retirement fund association with the same corporate name established pursuant to the authorization contained in Laws 1909, chapter 343, section 1.

Sec. 14. Minnesota Statutes 2004, section 354A.092, is amended to read:

354A.092 [SABBATICAL LEAVE.]

Any teacher in the coordinated program of ~~either the Minneapolis Teachers Retirement Fund Association or~~ the St. Paul Teachers Retirement Fund Association or any teacher in the new law coordinated program of the Duluth Teachers Retirement Fund Association who is granted a sabbatical leave shall be entitled to receive allowable service credit in the applicable association for periods of sabbatical leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee contribution to the applicable association. No teacher shall be entitled to receive more than three years of allowable service credit pursuant to this section for a period or periods of sabbatical leave during any ten consecutive fiscal or calendar years, whichever is the applicable plan year for the teachers retirement fund association. If the teacher granted a sabbatical leave makes the employee contribution for a period of sabbatical leave pursuant to this section, the employing unit shall make an employer contribution on behalf of the teacher to the applicable association for that period of sabbatical leave in the manner described in section 354A.12, subdivision 2a. The employee and employer contributions shall be in an amount equal to the employee and employer contribution rates in effect for other active members of the association covered by the same program applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period. Payment of the employee contribution authorized pursuant to this section shall be made by the teacher on or before June 30 of year next following the year in which the sabbatical leave terminated and shall be made without interest. For sabbatical leaves taken after June 30, 1986, the required employer contributions shall be paid by the employing unit within 30 days after notification by the association of the amount due. If the employee contributions for the sabbatical leave period are less than an amount equal to the applicable contribution rate applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period, service credit shall be prorated. The prorated service credit shall be determined by the ratio between the amount of the actual payment which was made and the full contribution amount payable pursuant to this section.

Sec. 15. Minnesota Statutes 2004, section 354A.093, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Any teacher in the coordinated program of ~~either the Minneapolis Teachers Retirement Fund Association or~~ the St. Paul Teachers Retirement Fund Association or any teacher in the new law coordinated program of the Duluth Teachers Retirement Fund Association who is absent from employment by reason of service in the uniformed services as defined in United States Code, title 38, section 4303(13) and who returns to the employer providing active teaching service upon discharge from uniformed service within the time frames required under United States Code, title 38, section 4312(e), may receive allowable service credit in the applicable association for all or a portion of the period of uniformed service, provided that the teacher did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

Sec. 16. Minnesota Statutes 2004, section 354A.095, is amended to read:

354A.095 [PARENTAL AND MATERNITY LEAVE.]

Basic or coordinated members of the St. Paul Teachers Retirement Fund Association, ~~the Minneapolis Teachers Retirement Fund Association,~~ and new coordinated members of the Duluth Teachers Retirement Fund Association, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the applicable fund by the end of the fiscal year following the fiscal year

in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary rate upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 17. Minnesota Statutes 2004, section 354A.096, is amended to read:

354A.096 [MEDICAL LEAVE.]

Any teacher in the coordinated program of either the ~~Minneapolis Teachers Retirement Fund Association~~ or the St. Paul Teachers Retirement Fund Association or the new law coordinated program of the Duluth Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus annual interest at the rate of 8.5 percent per year from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 18. Minnesota Statutes 2004, 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
Duluth Teachers Retirement Association	
old law and new law coordinated programs	5.5 percent
Minneapolis Teachers Retirement Association	
basic program coordinated program	8.5 percent 5.5 percent
St. Paul Teachers Retirement Association	
basic program coordinated program	8 percent 5.5 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. 19. Minnesota Statutes 2004, section 354A.12, subdivision 2, is amended to read:

Subd. 2. [RETIEMENT CONTRIBUTION LEVY DISALLOWED.] Except as provided in subdivision 3b and in section 423A.02, subdivision 3, with respect to the city of Minneapolis and special school district No. 1 and in section 423A.02, subdivision 3, with respect to independent school district No. 625, notwithstanding any law to the contrary, levies for teachers retirement fund associations in the cities of the first class Duluth and St. Paul, including levies for any employer Social Security taxes for teachers covered by the Duluth Teachers Retirement Fund Association or the Minneapolis Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association, are disallowed.

Sec. 20. Minnesota Statutes 2004, 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 St. Paul Teachers Retirement Fund associations in a city of the first class Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount equal to the designated percentage 8.00 percent 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 the St. Paul 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 3.64 percent 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, 1997, and thereafter	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. 21. Minnesota Statutes 2004, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. [SPECIAL DIRECT STATE AID TO FIRST CLASS CITY TEACHERS RETIREMENT FUND ASSOCIATIONS.] (a) In fiscal year 1998, the state shall pay \$4,827,000 to the St. Paul Teachers Retirement Fund Association, \$17,954,000 to the Minneapolis Teachers Retirement Fund Association, and \$486,000 to the Duluth Teachers Retirement Fund Association. In each subsequent fiscal year after fiscal year 2005, these payments to the first class city teachers retirement fund associations must be \$2,827,000 for St. Paul, \$12,954,000 to the Teachers Retirement Association for the former Minneapolis Teachers Retirement Fund Association, and \$486,000 for Duluth.

(b) The direct state 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. 22. Minnesota Statutes 2004, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. [SPECIAL DIRECT STATE MATCHING AID TO THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Special School District No. 1 may ~~must~~ make an additional employer contribution to the Minneapolis Teachers Retirement Fund Association. The city of Minneapolis may ~~must~~ make a contribution to the Minneapolis Teachers Retirement Fund Association. This contribution may ~~must~~ be made by a levy of the board of estimate and taxation of the city of Minneapolis and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) ~~For every \$1,000 \$1,125,000 must be contributed in equal proportion by Special School District No. 1 and \$1,125,000 must be contributed by the city of Minneapolis to the Minneapolis~~

Teachers Retirement Fund Association under paragraph (a); and the state shall pay to the Minneapolis Teachers Retirement Fund Association \$1,000, but not to exceed \$2,500,000 in total in each fiscal year 1994. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the Minneapolis Teachers Retirement Fund Association shall jointly certify to the commissioner of finance the total amount that has been contributed by Special School District No. 1 and by the city of Minneapolis to the Minneapolis Teachers Retirement Fund Association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Minneapolis Teachers Retirement Fund Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

Sec. 23. Minnesota Statutes 2004, 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 aids under subdivision 3a to the first class city St. Paul Teachers Retirement associations, and the direct matching and state aid under subdivision 3b to the Minneapolis Teachers Retirement Fund Association 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 a first class city 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, the St. Paul Teachers Retirement Fund Association, or the Duluth Teachers Retirement Fund Association remain is 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 previously distributed to that association must be immediately transferred to the other associations in proportion to the relative sizes of their unfunded actuarial accrued liabilities Teachers Retirement Association.

Sec. 24. Minnesota Statutes 2004, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. [SUPPLEMENTAL ADMINISTRATIVE EXPENSE ASSESSMENT.] (a) The active and retired membership of the Minneapolis Teachers Retirement Fund Association and of the St. Paul Teachers Retirement Fund Association is responsible for defraying supplemental administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of a first class city teacher the St. Paul Teachers Retirement Fund Association are those expenses for the fiscal year that:

(1) exceed, for the St. Paul Teachers Retirement Fund Association, \$443,745, ~~or for the Minneapolis Teacher Retirement Fund Association \$671,513~~, plus, in each case, an additional amount derived by applying the percentage increase in 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 since July 1, 2001, to the applicable dollar amount; and

(2) exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of ~~each first class city~~ the St. Paul Teachers Retirement Fund Association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses determined under paragraph (c), clause (2), among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) With respect to the St. Paul Teachers Retirement Fund Association, the supplemental administrative expense assessment must be fully disclosed to the various active and retired membership groups of the teachers retirement fund association. The chief administrative officer of the St. Paul Teachers Retirement Fund Association shall prepare a supplemental administrative expense assessment disclosure notice, which must include the following:

(1) the total amount of administrative expenses of the St. Paul Teachers Retirement Fund Association, the amount of the investment expenses of the St. Paul Teachers Retirement Fund Association, and the net remaining amount of administrative expenses of the St. Paul Teachers Retirement Fund Association;

(2) the amount of administrative expenses for the St. Paul Teachers Retirement Fund Association that would be equivalent to the teachers retirement association noninvestment administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to

the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

Sec. 25. Minnesota Statutes 2004, section 354A.30, is amended to read:

354A.30 ~~[MINNEAPOLIS—AND ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATIONS ASSOCIATION; COORDINATED PROGRAM.]~~

There is established a coordinated program within the ~~Minneapolis Teachers Retirement Fund Association and a coordinated program within the~~ St. Paul Teachers Retirement Fund Association to provide retirement coverage for teachers who are covered by an agreement or modification made between the state and the secretary of health, education and welfare making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to certain teachers covered by the teachers retirement fund association. The provisions governing the coordinated program shall be sections 354A.31 to 354A.41 and any other applicable provisions of this chapter.

Sec. 26. Minnesota Statutes 2004, 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 program 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 the percent specified in section 356.315, subdivision 1, per year for each year of coordinated service for the first ten years and the percent specified in section 356.315, 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 the percent specified in section 356.315, subdivision 2, for each year of coordinated service.

Sec. 27. Minnesota Statutes 2004, section 354A.32, subdivision 1, is amended to read:

Subdivision 1. ~~[OPTIONAL FORMS GENERALLY.]~~ The ~~boards~~ board of the ~~Minneapolis and the St. Paul Teachers Retirement Fund Associations Association~~ shall each establish for the coordinated program and the board of the Duluth Teachers Retirement Fund Association shall establish for the new law coordinated program an optional retirement annuity which shall take the form of a joint and survivor annuity. Each board may also in its discretion establish an optional annuity which shall take the form of an annuity payable for a period certain and for life thereafter. Each board shall also establish an optional retirement annuity that guarantees payment of the balance of the annuity recipient's accumulated deductions to a designated beneficiary upon the

death of the annuity recipient. Except as provided in subdivision 1a, optional annuity forms shall be the actuarial equivalent of the normal forms provided in section 354A.31. In establishing these optional annuity forms, the board shall obtain the written recommendation of the commission-retained actuary. The recommendation shall be a part of the permanent records of the board.

Sec. 28. Minnesota Statutes 2004, section 354A.39, is amended to read:

354A.39 [SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.]

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, the Minneapolis Employees Retirement Fund, the Duluth Teachers Retirement Fund Association new law coordinated program, ~~the Minneapolis Teachers Retirement Fund Association coordinated program~~, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing retirement benefits for police officers or firefighters shall be entitled when qualified to an annuity from each fund if the person's total allowable service in all of the funds or in any two or more of the funds totals three or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is used again in the computation for a retirement annuity from another fund and provided further that the person has not taken a refund from any of funds or associations since the person's membership in the fund or association has terminated. The annuity from each fund or association shall be determined by the appropriate provisions of the law governing each fund or association, except that the requirement that a person must have at least three years of allowable service in the respective fund or association shall not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals three or more years.

Sec. 29. Minnesota Statutes 2004, section 354A.40, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT ANNUITY.] Any coordinated member of ~~either the Minneapolis Teachers Retirement Fund Association or of the St. Paul Teachers Retirement Fund Association~~ who has credited service prior to July 1, 1978 shall be entitled to receive a retirement annuity when otherwise qualified, the calculation of which shall utilize the applicable retirement annuity formula specified in articles of incorporation and bylaws of the teachers retirement fund association governing the basic program for that portion of credited service which was served prior to July 1, 1978, and the retirement annuity formula specified in section 354A.31 for the remainder of the member's credited service, both applied to the member's average salary as specified in section 354A.31, subdivision 4. The formula percentages to be used in calculating the coordinated portion of the retirement annuity or coordinated service under this section shall recognize the coordinated service as a continuation of any service prior to July 1, 1978.

Sec. 30. Minnesota Statutes 2004, section 354A.41, is amended to read:

354A.41 [ADMINISTRATION OF COORDINATED PROGRAM.]

Subdivision 1. [ADMINISTRATIVE PROVISIONS.] The provisions of the articles of incorporation and bylaws of the ~~Minneapolis or the St. Paul Teachers Retirement Fund Association, whichever is applicable~~, relating to the administration of the fund shall govern the administration of the coordinated program and the provisions of the articles of incorporation and bylaws of the Duluth Teachers Retirement Fund Association relating to the administration of the fund shall govern the administration of the new law coordinated program in instances where the administrative provisions are not inconsistent with the provisions of sections 354A.31 to 354A.41, including but not limited to provisions relating to the composition and function of the board of trustees, the investment of assets of the teachers retirement fund association, and the definition of the plan year.

Subd. 2. [ACTUARIAL VALUATIONS.] In any actuarial valuation of the Minneapolis

~~Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, or the Duluth Teachers Retirement Fund Association~~ under section 356.215 prepared by the commission-retained actuary or supplemental actuarial valuation prepared by an approved actuary retained by the teachers retirement fund association, there shall be included a finding of the condition of the fund showing separately the basic and coordinated programs or the old law coordinated and new law coordinated programs, as appropriate. The finding shall include the level normal cost and the applicable employee and employer contribution rates for each program.

Sec. 31. Minnesota Statutes 2004, section 356.20, subdivision 2, is amended to read:

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

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the ~~Minneapolis Teachers Retirement Fund Association~~;
- ~~(6) the St. Paul Teachers Retirement Fund Association;~~
- ~~(7) (6) the Duluth Teachers Retirement Fund Association;~~
- ~~(8) (7) the Minneapolis Employees Retirement Fund;~~
- (9) (8) the University of Minnesota faculty retirement plan;
- ~~(10) (9) the University of Minnesota faculty supplemental retirement plan;~~
- ~~(11) (10) the judges retirement fund;~~
- ~~(12) (11) a police or firefighter's relief association specified or described in section 69.77, subdivision 1a, or 69.771, subdivision 1;~~
- ~~(13) (12) the public employees police and fire plan of the Public Employees Retirement Association;~~
- ~~(14) (13) the correctional state employees retirement plan of the Minnesota State Retirement System; and~~
- ~~(15) (14) the local government correctional service retirement plan of the Public Employees Retirement Association.~~

Sec. 32. Minnesota Statutes 2004, section 356.214, subdivision 1, is amended to read:

Subdivision 1. [JOINT RETENTION.] (a) The chief administrative officers of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, ~~the Minneapolis Teachers Retirement Fund Association~~, the Minneapolis Employees Retirement Fund, and the St. Paul Teachers Retirement Fund Association, jointly, on behalf of the state, its employees, its taxpayers, and its various public pension plans, shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services for the retirement plans named in paragraph (b). The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c). Prior to becoming effective, the contract under this section is subject to a review and approval by the Legislative Commission on Pensions and Retirement.

(b) The contract for actuarial services must include the preparation of actuarial valuations and related actuarial work for 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) (11) the legislators retirement plan, Minnesota State Retirement System;
- (13) (12) the elective state officers retirement plan, Minnesota State Retirement System; and
- (14) (13) local government correctional service retirement plan, Public Employees Retirement Association.

(c) The contract must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contract must require 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) the rate of return on investments based on the current asset value;
- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

The contract must include provisions for the preparation of cost analyses by the jointly retained actuary for proposed legislation that include changes in benefit provisions or funding policies prior to their consideration by the Legislative Commission on Pensions and Retirement.

(d) The actuary retained by the joint retirement systems shall annually prepare a report to the legislature, including a commentary on the actuarial valuation calculations for the plans named in paragraph (b) and summarizing the results of the actuarial valuation calculations. The actuary shall include with the report the actuary's recommendations to the legislature concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the

required funding dates. The actuary shall, as part of the quadrennial 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 joint retirement systems or as requested by the chair of the Legislative Commission on Pensions and Retirement, the actuary shall prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), ~~(13)~~, or ~~(14)~~ (13), in the manner provided for in the standards for actuarial work adopted by the commission.

(f) The term of the contract between the joint retirement systems and the actuary retained may not exceed five years. The joint retirement system administrative officers shall establish procedures for the consideration and selection of contract bidders and the requirements for the contents of an actuarial services contract under this section. The procedures and requirements must be submitted to the Legislative Commission on Pensions and Retirement for review and comment prior to final approval by the joint administrators. The contract is subject to the procurement procedures under chapter 16C. The consideration of bids and the selection of a consulting actuarial firm by the chief administrative officers must occur at a meeting that is open to the public and reasonable timely public notice of the date and the time of the meeting and its subject matter must be given.

(g) The actuarial services contract may not limit the ability of the Minnesota legislature and its standing committees and commissions to rely on the actuarial results of the work prepared under the contract.

(h) The joint retirement systems shall designate one of the retirement system executive directors as the actuarial services contract manager.

Sec. 33. Minnesota Statutes 2004, section 356.215, subdivision 8, is amended to read:

Subd. 8. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement		

plan	8.5	8.5
St. Paul teachers retirement		
plan	8.5	8.5
Minneapolis Police Relief		
Association	6.0	6.0
Fairmont Police Relief		
Association	5.0	5.0
Minneapolis Fire Department		
Relief Association	6.0	6.0
Virginia Fire Department		
Relief Association	5.0	5.0
local monthly benefit volunteer		
firefighters relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary
legislators retirement plan	increase assumption
elective state officers retirement	5.0%
plan	5.0
judges retirement plan	5.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief	
Association	3.5
Minneapolis Fire Department Relief	
Association	4.0
Virginia Fire Department	
Relief Association	3.5

(2) modified single rate future salary increase assumption

plan	future salary
Minneapolis employees	increase assumption
retirement plan	the prior calendar year
	amount increased first by
	1.0198 percent to prior
	fiscal year date and
	then increased by 4.0
	percent annually for
	each future year

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary
general state employees	increase assumption
retirement plan	select calculation and
correctional state employees	assumption A
retirement plan	assumption $\frac{H}{G}$
State Patrol retirement plan	assumption $\frac{H}{G}$
general public employees	select calculation and

retirement plan	assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption <u>H</u> <u>G</u>
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption <u>G</u> <u>F</u>

The select calculation is:
 during the ten-year select period, a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association; and 0.4 percent for the Minneapolis Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	<u>G</u> <u>F</u>	<u>H</u> <u>G</u>
16	6.95%	6.95%	11.50%	8.20%	8.00%	6.50%	6.90%	7.7500
17	6.90	6.90	11.50	8.15	8.00	6.50	6.90	7.7500
18	6.85	6.85	11.50	8.10	8.00	6.50	6.90	7.7500
19	6.80	6.80	11.50	8.05	8.00	6.50	6.90	7.7500
20	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.7500
21	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.1454
22	6.75	6.40	11.00	6.00	6.90	6.50	6.90	7.0725
23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
24	6.75	6.40	10.00	6.00	6.80	6.50	6.80	7.0363
25	6.75	6.40	9.50	6.00	6.75	6.50	6.75	7.0000
26	6.75	6.36	9.20	6.00	6.70	6.50	6.70	7.0000
27	6.75	6.32	8.90	6.00	6.65	6.50	6.65	7.0000
28	6.75	6.28	8.60	6.00	6.60	6.50	6.60	7.0000
29	6.75	6.24	8.30	6.00	6.55	6.50	6.55	7.0000
30	6.75	6.20	8.00	6.00	6.50	6.50	6.50	7.0000
31	6.75	6.16	7.80	6.00	6.45	6.50	6.45	7.0000
32	6.75	6.12	7.60	6.00	6.40	6.50	6.40	7.0000
33	6.75	6.08	7.40	6.00	6.35	6.50	6.35	7.0000
34	6.75	6.04	7.20	6.00	6.30	6.50	6.30	7.0000
35	6.75	6.00	7.00	6.00	6.25	6.50	6.25	7.0000
36	6.75	5.96	6.80	6.00	6.20	6.50	6.20	6.9019
37	6.75	5.92	6.60	6.00	6.15	6.50	6.15	6.8074
38	6.75	5.88	6.40	5.90	6.10	6.50	6.10	6.7125
39	6.75	5.84	6.20	5.80	6.05	6.50	6.05	6.6054
40	6.75	5.80	6.00	5.70	6.00	6.50	6.00	6.5000

41	6.75	5.76	5.90	5.60	5.90	6.50	5.95	6.3540
42	6.75	5.72	5.80	5.50	5.80	6.50	5.90	6.2087
43	6.65	5.68	5.70	5.40	5.70	6.50	5.85	6.0622
44	6.55	5.64	5.60	5.30	5.60	6.50	5.80	5.9048
45	6.45	5.60	5.50	5.20	5.50	6.50	5.75	5.7500
46	6.35	5.56	5.45	5.10	5.40	6.40	5.70	5.6940
47	6.25	5.52	5.40	5.00	5.30	6.30	5.65	5.6375
48	6.15	5.48	5.35	5.00	5.20	6.20	5.60	5.5822
49	6.05	5.44	5.30	5.00	5.10	6.10	5.55	5.5404
50	5.95	5.40	5.25	5.00	5.00	6.00	5.50	5.5000
51	5.85	5.36	5.25	5.00	5.00	5.90	5.45	5.4384
52	5.75	5.32	5.25	5.00	5.00	5.80	5.40	5.3776
53	5.65	5.28	5.25	5.00	5.00	5.70	5.35	5.3167
54	5.55	5.24	5.25	5.00	5.00	5.60	5.30	5.2826
55	5.45	5.20	5.25	5.00	5.00	5.50	5.25	5.2500
56	5.35	5.16	5.25	5.00	5.00	5.40	5.20	5.2500
57	5.25	5.12	5.25	5.00	5.00	5.30	5.15	5.2500
58	5.25	5.08	5.25	5.10	5.00	5.20	5.10	5.2500
59	5.25	5.04	5.25	5.20	5.00	5.10	5.05	5.2500
60	5.25	5.00	5.25	5.30	5.00	5.00	5.00	5.2500
61	5.25	5.00	5.25	5.40	5.00	5.00	5.00	5.2500
62	5.25	5.00	5.25	5.50	5.00	5.00	5.00	5.2500
63	5.25	5.00	5.25	5.60	5.00	5.00	5.00	5.2500
64	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
65	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
66	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
67	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
68	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
69	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
70	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
71	5.25	5.00		5.70				

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
State Patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 34. Minnesota Statutes 2004, section 356.30, subdivision 3, is amended to read:

Subd. 3. [COVERED PLANS.] This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the unclassified employees retirement program, established under chapter 352D;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the legislators retirement plan, established under chapter 3A;

(6) the elective state officers' retirement plan, established under chapter 352C;

(7) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(8) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(10) the Teachers Retirement Association, established under chapter 354;

(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;

~~(12) the Minneapolis Teachers Retirement Fund Association, established under chapter 354A;~~

~~(13) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;~~

~~(14)~~ (13) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and

~~(15)~~ (14) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 35. Minnesota Statutes 2004, section 356.302, subdivision 7, is amended to read:

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;

(3) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(4) the Teachers Retirement Association, established by chapter 354;

(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

~~(6) the Minneapolis Teachers Retirement Fund Association, established by chapter 354A;~~

~~(7) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;~~

~~(8)~~ (7) the Minneapolis Employees Retirement Fund, established by chapter 422A;

~~(9)~~ (8) the state correctional employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(40) (9) the State Patrol retirement plan, established by chapter 352B;

(41) (10) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(42) (11) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E; and

(43) (12) the judges' retirement plan, established by sections 490.121 to 490.132.

Sec. 36. Minnesota Statutes 2004, section 356.303, subdivision 4, is amended to read:

Subd. 4. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the elective state officers retirement plan, established by chapter 352C;

(6) the unclassified state employees retirement program, established by chapter 352D;

(7) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the Teachers Retirement Association, established by chapter 354;

(11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

(12) the ~~Minneapolis Teachers Retirement Fund Association, established by chapter 354A;~~

~~(13) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;~~

(44) (13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and

(45) (14) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 37. Minnesota Statutes 2004, section 356.315, is amended by adding a subdivision to read:

Subd. 1a. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.5 percent.

Sec. 38. Minnesota Statutes 2004, section 356.42, subdivision 3, is amended to read:

Subd. 3. [COVERED RETIREMENT PLANS.] The postretirement adjustment provided in this section applies to the following retirement funds:

(1) the general employees retirement plans of the Public Employees Retirement Association;

(2) the public employees police and fire plan of the Public Employees Retirement Association;

- (3) the teachers retirement association;
- (4) the State Patrol retirement plan;
- (5) the state employees retirement plan of the Minnesota State Retirement System;
- (6) the ~~Minneapolis Teachers Retirement Fund Association established under chapter 354A;~~
- ~~(7) the St. Paul Teachers Retirement Fund Association established under chapter 354A;~~ and
- (8) (7) the Duluth Teachers Retirement Fund Association established under chapter 354A.

Sec. 39. Minnesota Statutes 2004, section 356.465, subdivision 3, is amended to read:

Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of this section apply to the following retirement plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;
- (2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;
- (3) the State Patrol retirement plan established under chapter 352B;
- (4) the legislators retirement plan established under chapter 3A;
- (5) the judges retirement plan established under chapter 490;
- (6) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353;
- (7) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;
- (8) the teachers retirement plan established under chapter 354;
- (9) the Duluth Teachers Retirement Fund Association established under chapter 354A;
- (10) the St. Paul Teachers Retirement Fund Association established under chapter 354A;
- (11) the ~~Minneapolis Teachers Retirement Fund Association established under chapter 354A;~~
- ~~(12) the Minneapolis employees retirement plan established under chapter 422A;~~
- ~~(13) (12)~~ the Minneapolis Firefighters Relief Association established under chapter 423C;
- ~~(14) (13)~~ the Minneapolis Police Relief Association established under chapter 423B; and
- ~~(15) (14)~~ the local government correctional service retirement plan of the Public Employees Retirement Association established under chapter 353E.

Sec. 40. Minnesota Statutes 2004, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

- (1) all police or salaried firefighters relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;
- (2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for

the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) the municipalities that are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 64.5 percent to the municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Fire Department Relief Association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia Fire Department Relief Association.

If there is no unfunded actuarial accrued liability in both the Minneapolis Police Relief Association and the Minneapolis Fire Department Relief Association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the ~~Minneapolis~~ Teachers Retirement Fund Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the ~~Minneapolis~~ Teachers Retirement Fund Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the ~~Minneapolis Teachers Retirement Fund Association~~ or the St. Paul Teachers Retirement Fund Association, annually, beginning on July 1, 2005, if the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Sec. 41. [FULL FUNDING DATE.]

Notwithstanding any other law to the contrary, for the Teachers Retirement Association, the established date for full funding is 2035.

Sec. 42. [MTRFA EMPLOYEE JOB PREFERENCE.]

An employee of the Minneapolis Teachers Retirement Fund Association on the date of enactment has an employment preference for subsequent employment by the Teachers Retirement Association, the Minnesota State Retirement System, or the Public Employees Retirement Association equivalent to the preference provided to armed forces veterans under state law and Department of Employee Relations practice.

Sec. 43. [MTRFA ARTICLES AND BYLAWS; REPEAL; APPLICABILITY.]

(a) The articles of incorporation and bylaws of the Minneapolis Teachers Retirement Fund Association are repealed and have application only as provided in section 6, subdivision 6, and paragraph (b).

(b) The articles of incorporation and bylaws of the Minneapolis Teachers Retirement Fund Association only apply to members of the former Minneapolis Teachers Retirement Fund Association with service credit in the plan on or before June 30, 2005, and apply solely for purposes of determining the retirement annuity for or benefit on behalf of a member of the basic program of that retirement plan.

(c) No annuity adjustment or increase under article 30 of the articles of incorporation of the Minneapolis Teachers Retirement Fund Association is applicable or payable after June 30, 2005.

Sec. 44. [APPROPRIATION.]

\$2,500,000 is appropriated from the education reserve account in the special revenue fund to the commissioner of finance for transfer to the teachers retirement fund as required by section 7. \$1,250,000 is for the fiscal year ending June 30, 2006, and \$1,250,000 is for the fiscal year ending June 30, 2007.

Sec. 45. [REPEALER.]

Minnesota Statutes 2004, sections 354A.051; 354A.105; 354A.23, subdivision 1; and 354A.28, are repealed.

Sec. 46. [EFFECTIVE DATE.]

(a) Sections 1, 2, 3, 21, and 22 are effective on the day following final enactment.

(b) Sections 4 to 20 and 23 to 45 are effective on the day following final enactment.

ARTICLE 3

PRE-1969 TEACHER SPECIAL POSTRETIREMENT

ADJUSTMENT

Section 1. [354.551] [ADDITIONAL BENEFIT FOR CERTAIN TEACHERS.]

Subdivision 1. [ADDITIONAL BENEFIT ENTITLEMENT.] If there is an appropriation for this purpose and to the extent of that appropriation, eligible retired teachers as defined in subdivision 2 are entitled to receive the additional benefit amount determined under subdivision 3 unless the applicable person files a written notification with the executive director of the Teachers Retirement Association that the additional benefit not be paid.

Subd. 2. [ELIGIBILITY.] An eligible person for purposes of this section is a person who:

(1) was a teacher as defined in section 354.05, subdivision 2;

(2) rendered teaching service as defined in section 354.05, subdivision 3, either during the 1968-1969 school year, but was not covered by the improved money purchase program savings clause in section 354.55, subdivision 17, or before the 1968-1969 school year, did not take a refund of member contributions upon the termination of teacher service, and was eligible to make an election under Minnesota Statutes 1971, section 354.55, subdivision 8.

Subd. 3. [DETERMINATION OF ADDITIONAL BENEFIT AMOUNT.] (a) By July 1, annually, the executive director of the Teachers Retirement Association shall determine which retired teachers are eligible to receive an additional benefit amount under this section and the amount of each person's additional benefit amount.

If the applicable appropriation permits, as determined by the executive director of the Teachers Retirement Association, the increase amount is 45 percent of the difference, if a positive number, obtained by subtracting the single life annuity amount initially payable upon retirement under section 354.44, subdivision 6, from a comparable single life annuity amount computed as of the same date under section 354.44, subdivision 2. If the applicable appropriation does not permit the full postretirement adjustment payment amount as determined by the executive director of the Teachers Retirement Association, the increase amount is that portion of the full increase amount that bears the same relationship to the full increase amount that the appropriation bears to the full required funding for the full increase amount.

(b) The additional retirement benefit is payable beginning July 1, 2005, for persons who were receiving a retirement annuity on June 1, 2005, or with the initial retirement annuity payment for persons who were active, deferred, or inactive members on June 1, 2005.

Subd. 4. [DURATION OF ADDITIONAL BENEFIT.] If the appropriations permit, the additional benefit amount is payable for life or for the duration of the selected optional annuity form, whichever applies.

Subd. 5. [NO PAYMENT TO ESTATE; NO RETROACTIVITY.] (a) Nothing in this section authorizes the payment of an additional benefit amount under this section to an estate or to a survivor or beneficiary other than under an optional annuity form.

(b) Nothing in this section authorizes the payment of an additional benefit amount for any period before July 1, 2005.

(c) Nothing in this section authorizes the payment of an additional benefit amount to a person who was or is entitled to have their retirement annuity calculated under section 354.44, subdivision 2.

Sec. 2. [APPROPRIATION.]

There is appropriated from the education reserve account in the special revenue fund to the executive director of the Teachers Retirement Association for the purposes of the special postretirement adjustment under section 1 \$11,000,000 for the year ending June 30, 2006, and \$11,000,000 for the year ending June 30, 2007.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on July 1, 2005.

ARTICLE 4

PENSION DEFAULT INSURANCE POOL

Section 1. Minnesota Statutes 2004, section 352.04, subdivision 12, is amended to read:

Subd. 12. [FUND DISBURSEMENT RESTRICTED.] (a) The state employees retirement fund and the participation in the Minnesota postretirement investment fund must be disbursed only for the purposes provided by law.

(b) The expenses of the system, the pension default insurance pool charge under section 356.95, and any benefits provided by law, other than benefits payable from the Minnesota postretirement investment fund, must be paid from the state employees retirement fund.

(c) The retirement allowances, retirement annuities, and disability benefits, as well as refunds of any sum remaining to the credit of a deceased retired employee or a disabled employee must be paid only from the state employees retirement fund after the needs have been certified and the

amounts withdrawn from the participation in the Minnesota postretirement investment fund under section 11A.18.

(d) The amounts necessary to make the payments from the state employees retirement fund and the participation in the Minnesota postretirement investment fund are annually appropriated from these funds for those purposes.

Sec. 2. Minnesota Statutes 2004, section 352.911, subdivision 5, is amended to read:

Subd. 5. [FUND DISBURSEMENT RESTRICTED.] (a) The correctional employees retirement fund and its share of participation in the Minnesota postretirement investment fund shall be disbursed only for the purposes provided for in the applicable provisions in this chapter.

(b) The proportional share of the expenses of the system, the pension default insurance pool charge under section 356.95, and any benefits provided in sections 352.90 to 352.951, other than benefits payable from the Minnesota postretirement investment fund, shall be paid from the correctional employees retirement fund.

(c) The retirement allowances, retirement annuities, the disability benefits, the survivorship benefits, and any refunds of accumulated deductions shall be paid only from the correctional employees retirement fund after those needs have been certified by the executive director and the amounts withdrawn from the share of participation in the Minnesota postretirement fund under section 11A.18.

(d) The amounts necessary to make the payments from the correctional employees retirement fund and the participation in the Minnesota postretirement investment fund are annually appropriated from those funds for those purposes.

Sec. 3. Minnesota Statutes 2004, section 352B.02, subdivision 1d, is amended to read:

Subd. 1d. [FUND REVENUE AND EXPENSES.] The amounts provided for in this section must be credited to the State Patrol retirement fund. All money received must be deposited by the commissioner of finance in the State Patrol retirement fund. The fund must be used to pay the administrative expenses of the retirement fund, the pension default insurance pool charge under section 356.95, and the benefits and annuities provided in this chapter. Appropriate amounts shall be transferred to or withdrawn from the Minnesota postretirement investment fund as provided in section 352B.26.

Sec. 4. Minnesota Statutes 2004, section 352D.09, subdivision 7, is amended to read:

Subd. 7. [ADMINISTRATIVE FEES.] The board of directors shall establish a budget and charge participants a fee to pay the administrative expenses of the unclassified program and the pension default insurance pool charge under section 356.95. Fees cannot be charged on contributions and investment returns attributable to contributions made before July 1, 1992. Annual total fees charged for plan administration cannot exceed 10/100 of one percent of the contributions and investment returns attributable to contributions made on or after July 1, 1992.

Sec. 5. Minnesota Statutes 2004, section 353.27, subdivision 1, is amended to read:

Subdivision 1. [INCOME; DISBURSEMENTS.] There is a special fund known as the "public employees retirement fund," the "retirement fund," or the "fund," which shall include all the assets of the association. This fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there is appropriated the payments authorized by this chapter in the amounts and at such time provided herein, including the expenses of administering the fund, including the pension default insurance pool charge under section 356.95, and including the proper share of the Minnesota postretirement investment fund.

Sec. 6. Minnesota Statutes 2004, section 353.65, subdivision 6, is amended to read:

Subd. 6. [FUND.] All contributions other than the excess contribution established by section 69.031, subdivision 5, paragraphs (2), clauses (b) and (c), and (3) shall be credited to the fund and

all interest and other income of the fund shall be credited to said fund. The retirement fund shall be disbursed only for the purposes herein provided. The expenses of said fund, the pension default insurance pool charge, and the annuities herein provided upon retirement shall be paid from said fund.

Sec. 7. Minnesota Statutes 2004, section 353E.01, subdivision 5, is amended to read:

Subd. 5. [FUND DISBURSEMENT RESTRICTED.] (a) The public employees local government correctional service retirement fund and its share of participation in the Minnesota postretirement investment fund may be disbursed only for the purposes provided for in this chapter.

(b) The proportional share of the necessary and reasonable administrative expenses of the association, the pension default insurance pool charge under section 356.95, and any benefits provided in this chapter, other than benefits payable from the Minnesota postretirement investment fund, must be paid from the public employees local government correctional service retirement fund. Retirement annuities, disability benefits, survivorship benefits, and any refunds of accumulated deductions may be paid only from the correctional service retirement fund after those needs have been certified by the executive director and any applicable amounts withdrawn from the share of participation in the Minnesota postretirement fund under section 11A.18.

(c) The amounts necessary to make the payments from the public employees local government correctional service retirement fund and its participation in the Minnesota postretirement investment fund are annually appropriated from those funds for those purposes.

Sec. 8. Minnesota Statutes 2004, section 354.42, is amended by adding a subdivision to read:

Subd. 8. [PENSION DEFAULT CHARGE.] The pension default insurance pool charge under section 356.95 must be paid from the Teachers Retirement Association.

Sec. 9. Minnesota Statutes 2004, section 354A.021, subdivision 4, is amended to read:

Subd. 4. [FUND DISBURSEMENT RESTRICTED.] The assets of the special retirement fund shall be disbursed only for the purposes provided for in this chapter, the articles of incorporation or bylaws in effect as of March 31, 1975, and the articles of incorporation or bylaws adopted subsequent to March 31, 1975 in accordance with the provisions of section 354A.12. The pension default insurance pool charge under section 356.95 and all appropriate expenses of and any authorized benefits provided by the teachers retirement fund association shall be paid from the special retirement fund. Amounts necessary to make payments from the special retirement fund of a teachers retirement fund association are hereby appropriated.

Sec 10. [356.95] [PENSION DEFAULT INSURANCE POOL.]

Subdivision 1. [DEFAULT INSURANCE; LEGISLATIVE FINDINGS.] The legislature finds that some Minnesota public pension plans have periodic funding difficulties and could default on the payment of retirement benefits in the future. The legislature further finds that a potential default may occur at a time when timely corrective legislative responses may not be possible, causing significant potential economic harm to affected benefit recipients. To provide emergency funding resources for a Minnesota public pension plan facing a default in the payment of retirement benefits, the legislature is establishing an insurance pool to have resources for a temporary remedy for a defaulting pension plan.

Subd. 2. [DEFAULT INSURANCE CHARGE.] (a) In fiscal year 2006, the pension default insurance charge is \$0.10 per month per active member and benefit recipient of a covered retirement plan.

(b) The pension default insurance charge must be reassessed by the commissioner of finance, who shall revise the charge upward or downward based on an assessment of the potential risk of a future retirement plan default. The consulting actuary retained under section 356.214 shall provide an assessment of the relative probability of future retirement plan defaults as part of the actuarial valuation reports performed annually.

Subd. 3. [RECEIPT OF CHARGES; INVESTMENT.] The pension default insurance charge is payable to the commissioner of finance for deposit in a special pension default insurance pool fund in the state treasury. The special default insurance pool fund must be invested by the State Board of Investment in investments authorized under section 11A.24.

Subd. 4. [DISBURSEMENTS.] (a) The chief administrative officer of a covered retirement plan facing imminent default in the payment of retirement annuities and benefits is authorized to apply to the commissioner of finance for the transfer of assets to forestall the default.

(b) If the commissioner of finance finds that a covered retirement plan is facing an imminent default, the commissioner may transfer the necessary amount of assets to avert the expected default from the pension default insurance pool.

Subd. 5. [COVERED RETIREMENT PLANS.] The retirement plans covered by the pension default insurance pool are:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the unclassified employees retirement program, established under chapter 352D;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the legislators retirement plan, established under chapter 3A;

(6) the elective state officers' retirement plan, established under chapter 352C;

(7) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(8) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(10) the Teachers Retirement Association, established under chapter 354;

(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;

(12) the Minneapolis Teachers Retirement Fund Association, established under chapter 354A;

(13) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;

(14) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and

(15) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective on the day following final enactment.

ARTICLE 5

DEFERRED ANNUITIES AUGMENTATION

Section 1. Minnesota Statutes 2004, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision 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 is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), 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, if the employee became an employee before July 1, 2005, and is the actuarial equivalent of this annuity that would be payable to the employee if the employee deferred receipt of the annuity if the employee initially became an employee after June 30, 2005.

Sec. 2. Minnesota Statutes 2004, 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.

(b) If the employee became an employee before July 1, 2005, 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 does not reduce the annuity otherwise payable under this chapter.

(c) If the employee initially became an employee after June 30, 2005, no augmentation is payable on a deferred annuity.

(b) (d) 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 postretirement interest rate actuarial assumption under section 356.215, subdivision 8, 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. 3. Minnesota Statutes 2004, section 352B.30, subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF DEFERRED ANNUITY.] (a) Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter.

(b) If the member became a member before July 1, 2005, the required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, 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 shall be five percent per year compounded annually until January 1, 1981, and after that date three percent per year compounded annually. The mortality table and interest assumption used to compute the annuity shall be those in effect when the member files application for annuity.

(c) If the member initially became a member after June 30, 2005, no augmentation is payable on a deferred annuity.

Sec. 4. Minnesota Statutes 2004, section 353.30, subdivision 5, is amended to read:

Subd. 5. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision 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 who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), 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 if the member became a member before July 1, 2005, and is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity if the member initially became a member after June 30, 2005.

Sec. 5. Minnesota Statutes 2004, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed on the basis of allowable service prior to the termination of public service and augmented as provided in this paragraph.

(b) The required reserves applicable to a deferred annuity, or to any deferred segment of an annuity must be determined as of 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. If the member became a member before July 1, 2005, these required reserves must be augmented at the rate of five percent annually 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 compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented as specified in this paragraph. The sum of the augmented required reserves 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 public service for more than two years. If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the employee has credit with this association. This section must not reduce the annuity otherwise payable under this chapter. This paragraph applies to individuals who become deferred annuitants on or after July 1, 1971. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

(c) If the member initially became a member after June 30, 2005, no augmentation is payable on a deferred annuity.

~~(b)~~ (d) 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, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, 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. 6. Minnesota Statutes 2004, section 353E.05, is amended to read:

353E.05 [AUGMENTATION IN CERTAIN CASES.]

Unless prior service has been transferred or unless a combined service annuity under section 356.30 has been elected, an employee who becomes a local government correctional employee after being a member of the Public Employees Retirement Association or the public employees police and fire fund is covered under section 353.71, subdivision 2, with respect to that prior service. An employee who became an employee before July 1, 2005, and who becomes a member of the Public Employees Retirement Association or the public employees police and fire plan after being a local government correctional employee is also covered under section 353.71, subdivision 2, with respect to that prior service, unless calculated under section 356.30.

Sec. 7. Minnesota Statutes 2004, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) 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.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in paragraph (a), 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	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

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

(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 paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(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 paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). The average salary, as defined in paragraph (a) multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.315, 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.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) 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 if the employee became an employee before July 1, 2005, and is the actuarial equivalent of the annuity that would be payable to the employee if the employee initially became a member after June 30, 2005.

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

Sec. 8. Minnesota Statutes 2004, 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 is governed pursuant to section 354.44, subdivision 1, or 354.60.

(b) The amount of the deferred retirement annuity 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 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. If the member became a member before July 1, 2005, the rates of interest used for this purpose 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 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 must be those applicable to new members. The mortality table and interest assumption used to compute the annuity 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. If the member initially became a member after June 30, 2005, no augmentation is payable on a deferred annuity.

(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 postretirement interest rate actuarial assumption under section 356.215, subdivision 8, 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. 9. Minnesota Statutes 2004, section 354A.31, subdivision 7, is amended to read:

Subd. 7. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated member who retires before the full benefit age shall be paid the retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member 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 if the member became a member before July 1, 2005, and is the actuarial equivalent of the annuity that would be payable to the member if the member initially became a member after June 30, 2005.

Sec. 10. Minnesota Statutes 2004, section 354A.37, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR DEFERRED RETIREMENT ANNUITY.] (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity shall commence upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

(b) If the coordinated member became a member before July 1, 2005, the monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented 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 is no augmentation if this period is less than three months. The rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, and five percent compounded annually after that date to the effective date of retirement. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. 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 the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose 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. The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

(c) If the coordinated member initially became a member after June 30, 2005, no augmentation is payable on a deferred annuity.

Sec. 11. Minnesota Statutes 2004, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and, if the person was a member of a covered retirement plan on or before July 1, 2005, 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:

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

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

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) 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 retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

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

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges' retirement fund, and the State Patrol retirement plan, must not exceed the percent specified in section 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percentage rate specified in section 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed the percentage rate specified in section 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan 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).

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

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must 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 plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on July 1, 2005.

ARTICLE 6

MAXIMUM RETIREMENT PLAN

COVERED SALARY

Section 1. Minnesota Statutes 2004, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] (a) Subject to the limitations of section 356.611, "salary" means wages, or other periodic compensation, paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not include:

(1) lump sum sick leave payments;

(2) severance payments;

(3) lump sum annual leave payments and overtime payments made at the time of separation from state service;

(4) payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage;

(5) payments made as an employer-paid fringe benefit;

(6) workers' compensation payments;

(7) employer contributions to a deferred compensation or tax sheltered annuity program; and

(8) amounts contributed under a benevolent vacation and sick leave donation program.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Sec. 2. Minnesota Statutes 2004, section 352B.01, subdivision 11, is amended to read:

Subd. 11. [AVERAGE MONTHLY SALARY.] (a) Subject to the limitations of section 356.611, "average monthly salary" means the average of the highest monthly salaries for five years of service as a member upon which contributions were deducted from pay under section 352B.02, or upon which appropriate contributions or payments were made to the fund to receive allowable service and salary credit as specified under the applicable law. Average monthly salary must be based upon all allowable service if this service is less than five years.

(b) "Average monthly salary" means the salary of the member as defined in section 352.01, subdivision 13. "Average monthly salary" does not include any lump-sum annual leave payments and overtime payments made at the time of separation from state service, any amounts of severance pay, or any reduced salary paid during the period the person is entitled to workers' compensation benefit payments for temporary disability.

(c) A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence may make payment to the fund for the difference between salary received, if any, and the salary the member would normally receive if not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the rate of 8.5 percent per year, and must be completed within one year of the return from the leave of absence.

Sec. 3. Minnesota Statutes 2004, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) Subject to the limitations of section 356.611, "salary" means:

(1) the periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) the fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36; and

(5) the amount of compensation that exceeds the limitation provided in section 356.611.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Sec. 4. Minnesota Statutes 2004, section 353B.02, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" under this chapter is subject to the limitations of section 356.611.

(b) "Salary" for benefit computation and contribution purposes means the salary of a first class or first grade firefighter or patrol officer, whichever applies, for the former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Columbia Heights Fire Department Relief Association, Paid Division;
- (5) Fairmont Police Benefit Association;
- (6) Faribault Fire Department Relief Association;
- (7) Mankato Fire Department Relief Association;
- (8) Minneapolis Fire Department Relief Association;
- (9) Minneapolis Police Relief Association;

- (10) Richfield Fire Department Relief Association;
- (11) Rochester Fire Department Relief Association;
- (12) Rochester Police Relief Association;
- (13) St. Cloud Fire Department Relief Association;
- (14) St. Cloud Police Relief Association;
- (15) St. Paul Fire Department Relief Association;
- (16) South St. Paul Firefighters Relief Association;
- (17) West St. Paul Firefighters Relief Association;
- (18) West St. Paul Police Relief Association; and
- (19) Winona Fire Department Relief Association.

~~(b)~~ (c) "Salary" for benefit computation purposes means the salary of a first grade patrol officer for the second month of the previous fiscal year and for contribution purposes means the current salary of a first grade patrol officer, for the former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Crystal Police Relief Association;
- (3) Fridley Police Pension Association;
- (4) Richfield Police Relief Association;
- (5) St. Louis Park Police Relief Association; and
- (6) Winona Police Relief Association.

~~(e)~~ (d) "Salary" for benefit computation purposes means the final salary and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Buhl Police Relief Association;
- (4) Chisholm Firefighters Relief Association;
- (5) Crookston Fire Department Relief Association;
- (6) Crookston Police Relief Association;
- (7) Faribault Police Benefit Association;
- (8) Red Wing Police Relief Association; and
- (9) Virginia Fire Department Relief Association.

~~(d)~~ (e) "Salary" for benefit computation purposes means the average earnings or salary for the final six months of employment before retirement and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;

- (2) Hibbing Firefighters Relief Association; and
- (3) Hibbing Police Relief Association.

(e) (f) "Salary" for benefit computation purposes means the greater of the final salary at retirement or the highest salary of a patrol officer and for contribution purposes means the greater of the current salary or the current highest salary of a patrol officer for the former members of the following consolidating relief associations:

- (1) Brainerd Police Benefit Association; and
- (2) New Ulm Police Relief Association.

(f) (g) "Salary" for benefit computation and contribution purposes means the following for the former members of the consolidating relief associations as indicated:

- (1) salary of a top grade patrol officer, including longevity pay and education incentive pay in an amount not to exceed \$235 per month, Columbia Heights Police Relief Association;
- (2) maximum pay of a firefighter, including overtime payments for a regular workweek of a firefighter mandated by the federal Fair Labor Standards Act of 1938, as amended, Duluth Firefighters Relief Association;
- (3) salary of a first class patrol officer with 16 years of service, Duluth Police Pension Association;
- (4) base salary for the rank currently held, plus longevity pay, pay for eligibility for next higher rank and pay for first aid care, Mankato Police Benefit Association;
- (5) average annual salary for highest three paid years for benefit computation purposes and current salary for contribution purposes, Red Wing Fire Department Relief Association;
- (6) pay of the highest grade full-time firefighter, St. Louis Park Fire Department Relief Association;
- (7) maximum monthly pay of a patrol officer, St. Paul Police Relief Association;
- (8) prevailing base pay of rank held at retirement for benefit computation purposes and current salary for contribution purposes, South St. Paul Police Relief Association; and
- (9) prevailing pay for rank held for at least six months before retirement for benefit computation purposes and current salary for contribution purposes, Virginia Police Relief Association.

Sec. 5. Minnesota Statutes 2004, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) Subject to the limitations of section 356.611, "salary" means the periodic compensation, upon which member contributions are required before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

- (1) lump sum annual leave payments;
- (2) lump sum wellness and sick leave payments;

(3) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

- (4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;
- (5) any form of severance payments;
- (6) workers' compensation payments;
- (7) disability insurance payments, including self-insured disability payments;
- (8) payments to school principals and all other administrators for services that are in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;
- (9) payments under section 356.24, subdivision 1, clause (4); and
- (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave that are accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Sec. 6. Minnesota Statutes 2004, section 354A.011, subdivision 24, is amended to read:

Subd. 24. [SALARY; COVERED SALARY.] (a) Subject to the limitations of section 356.611, "salary" or "covered salary" means the entire compensation, upon which member contributions are required and made, that is paid to a teacher before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

- (1) lump sum annual leave payments;
- (2) lump sum wellness and sick leave payments;
- (3) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, and certain amounts determined by the executive secretary or director to be ineligible;
- (4) any form of payment that is made in lieu of any other employer-paid fringe benefit or expense;
- (5) any form of severance payments;
- (6) workers' compensation payments;
- (7) disability insurance payments, including self-insured disability payments;
- (8) payments to school principals and all other administrators for services that are in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;
- (9) payments under section 356.24, subdivision 1, clause (4)(ii); and
- (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave that are accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a

legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Sec. 7. Minnesota Statutes 2004, section 356.611, subdivision 1, is amended to read:

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund enumerated in section 356.30, subdivision 3, may not exceed ~~95~~ 110 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor or to a judge;

(2) to an employee or an elected official who is not subject to the limit as specified under section 43A.17, subdivision 9;

(3) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9;

~~(3)~~ (4) to a state employee as defined under section 43A.02, subdivision 21;

(4) (5) to an employee of Gillette Hospital who is covered by the general state employees retirement plan of the Minnesota State Retirement System;

~~(5)~~ (6) to an employee of the Minnesota Crop Improvement Council; or

~~(6)~~ (7) to an employee of the Minnesota Historical Society;

(8) to an employee of the Southern Minnesota Municipal Power Association; or

(9) to the director of the Duluth Port Authority.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Sec. 8. Minnesota Statutes 2004, section 422A.01, is amended by adding a subdivision to read:

Subd. 13a. [COVERED SALARY.] "Salary" is subject to the limitations of section 356.611.

Sec. 9. Minnesota Statutes 2004, section 423B.01, is amended by adding a subdivision to read:

Subd. 22. [COVERED SALARY.] "Salary" is subject to the limitations of section 356.611.

Sec. 10. Minnesota Statutes 2004, section 423C.01, is amended by adding a subdivision to read:

Subd. 29. [COVERED SALARY.] "Salary" is subject to the limitations of section 356.611.

Sec. 11. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 21a. [COVERED SALARY LIMITATION.] "Final average compensation" is subject to the limitations of section 356.611.

Sec. 12. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that section 7 applies retroactively to April 28, 1994.

EARLY RETIREMENT INCENTIVES

Section 1. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [ELIGIBILITY.] An appointing authority in the executive or legislative branch of state government or the Board of Public Defense or the Minnesota Historical Society or any school district may offer the early retirement incentive in this section to an employee who:

(1) has at least five years of allowable service in one or more of the funds listed in Minnesota Statutes, section 356.30, subdivision 3, or has at least five years of coverage by the individual retirement account plan governed by Minnesota Statutes, chapter 354b, and upon retirement is immediately eligible for a retirement annuity or benefit from one or more of these funds; and

(2) terminates state or teaching service after the effective date of this section and before September 1, 2005.

Subd. 2. [INCENTIVE.] (a) For an employee eligible under subdivision 1, the employer may provide an amount up to \$17,000, to be used:

(1) for an employee who terminates state service after the effective date of this section and on or before July 15, 2005, for deposit in the employee's account in the health care savings plan established by Minnesota Statutes, section 352.98; or

(2) for an employee who terminates state service after July 15, 2005, and before September 1, 2005:

(i) notwithstanding Minnesota Statutes, section 352.01, subdivision 11, or 354.05, subdivision 13, whichever applies, for purchase of service credit for unperformed service sufficient to enable the employee to retire under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); 353.30; or 354.44, subdivision 6, paragraph (b), whichever applies; or

(ii) for purchase of a lifetime annuity or annuity for a specific number of years from the state unclassified retirement program to provide additional benefits under Minnesota Statutes, section 352D.06, subdivision 1.

(b) An employee is eligible for the payment under paragraph (a), clause (2), item (i), if the employee uses money from a deferred compensation account that, combined with the payment under paragraph (a), clause (2), item (i), would be sufficient to purchase enough service credit to qualify for retirement under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; or 354.44, subdivision 6, paragraph (b), whichever applies.

Subd. 3. [DESIGNATION OF POSITIONS; EMPLOYER DISCRETION.] Before offering an incentive under this section, an appointing authority must designate the job classifications or positions within job classifications that qualify for the incentive. The appointing authority may modify this designation at any time. Designation of positions eligible for the incentive under this section, participation of individual employees, and the amount of the payment under this section are at the sole discretion of the appointing authority. Unilateral implementation of this section by the employer is not an unfair labor practice under Minnesota Statutes, chapter 179A.

Sec. 2. [POSTRETIREMENT EMPLOYMENT.]

(a) This section applies to a state employee who:

(1) on the effective date of this section is regularly scheduled to work 1,044 or more hours a year in a position covered by the Minnesota state retirement system general employees retirement plan, correctional plan, or unclassified plan;

(2) enters into an agreement with the appointing authority to work a reduced schedule that is both (i) a reduction of at least 25 percent from the number of regularly scheduled work hours; and (ii) 1,044 hours or less in the covered position; and

(3) at the time of entering into the agreement under clause (2), meets the age and service requirements necessary to receive an unreduced retirement benefit from the plan.

(b) Notwithstanding any law to the contrary, for service under an agreement entered into under paragraph (a), an employee:

(1) may receive a retirement annuity from the plan without separating from state service; and

(2) is not subject to the cessation of annuity provisions in Minnesota Statutes, section 352.115, subdivision 10.

(c) The amount of hours worked, the work schedule, and the duration of the phased retirement employment must be mutually agreed to by the employee and the appointing authority. The appointing authority may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section. The appointing authority has sole discretion to determine if and the extent to which phased retirement under this section is available to an employee. Upon expiration of an agreement entered into under this section, the appointing authority must restore the position to its status prior to the agreement.

(d) Notwithstanding any law to the contrary, a person may not earn service credit in the Minnesota state retirement system for employment covered under this section, and employer contributions and payroll deductions for the retirement fund must not be made based on earnings of a person working under this section. No change shall be made to a monthly annuity or retirement allowance based on employment under this section.

(e) A person who works under this section is a member of the appropriate bargaining unit; is covered by the appropriate collective bargaining contract or compensation plan; and is eligible for health care coverage as provided in the collective bargaining contract or compensation plan.

(f) An agreement under this section may apply only to work through June 30, 2007.

Sec. 3. [VOLUNTARY HOUR REDUCTION PLAN.]

(a) This section applies to a state employee who:

(1) on the effective date of this section is regularly scheduled to work 1,044 or more hours a year in a position covered by a pension plan administered by the Minnesota state retirement system; and

(2) enters into an agreement with the appointing authority to work a reduced schedule of 1,044 hours or less in the covered position.

(b) Notwithstanding any law to the contrary, for service under an agreement entered into under paragraph (a), contributions may be made to the applicable plan of the Minnesota state retirement system as if the employee had not reduced hours. The employee must pay the additional employee contributions and the employer must pay the additional employer contributions necessary to bring the service credit and salary up to the level prior to the voluntary reduction in hours. Contributions must be made in a time and manner prescribed by the executive director of the Minnesota state retirement system.

(c) The amount of hours worked, the work schedule, and the duration of the voluntary hour reduction must be mutually agreed to by the employee and the appointing authority. The appointing authority may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section. The appointing authority has sole discretion to determine if and the extent to which voluntary hour reduction under this section is available to an employee.

(d) A person who works under this section is a member of the appropriate bargaining unit; is covered by the appropriate collective bargaining contract or compensation plan; and is eligible for health care coverage as provided in the collective bargaining contract or compensation plan.

(e) An agreement under this section may apply only to work through June 30, 2007.

Sec. 4. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,044 hours between June 1, 2005, and June 30, 2007. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in the state retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make both the employee and employer contributions to the unclassified plan during the leave of absence. For employees covered by another retirement plan administered by the Minnesota State Retirement System, the employee must pay the additional employee contributions and the employer must pay the additional employer contributions necessary to bring the service credit and salary credit up to the level prior to the voluntary reduction in hours. Contributions must be made at a time and in a manner prescribed by the executive director of the Minnesota State Retirement System. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

Sec. 5. [RELATIONSHIP OF SECTIONS.]

(a) An employee covered by a phased retirement agreement under section 2 may not be covered by the voluntary hour reduction provisions of section 3 or by a voluntary unpaid leave of absence agreement under section 4 during the same time period or any later time period.

(b) An employee covered by the voluntary hour reduction provisions of section 3:

(1) may not be covered by a phased retirement agreement under section 2 during the same time period, but may be covered by a phased retirement agreement under section 2 during a later time period; and

(2) may be covered by the voluntary leave of absence provision of section 4 during an earlier or later time period.

(c) An employee may receive the early retirement incentive in section 1 after being covered under section 2, 3, or 4. An employee who receives an incentive under section 1 may not later be covered by section 2, 3, or 4.

Sec. 6. [EFFECTIVE DATE.]

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

ARTICLE 8

STATEWIDE VOLUNTEER FIREFIGHTER TASK FORCE STUDY

Section 1. [STUDY OF STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN; CREATION OF TASK FORCE.]

Subdivision 1. [TASK FORCE MEMBERSHIP.] (a) A statewide Volunteer Firefighter Retirement Plan Study Task Force is created.

(b) The task force members are:

(1) four members appointed by the president of the Minnesota Area Relief Association coalition;

(2) four members appointed by the president of the Minnesota State Fire Department Association;

(3) four members appointed by the president of the Minnesota State Fire Chiefs Association;

- (4) four members appointed by the board of directors of the League of Minnesota Cities;
- (5) two members appointed by the board of directors of the Insurance Federation of Minnesota;
- (6) two members appointed by the board of directors of the Minnesota Association of Farm Mutual Insurance Companies; and
- (7) the Minnesota state auditor or the auditor's designee.

(c) Appointments must be made on or before July 1, 2005. If the appointment is not made in a timely manner, or if there is a vacancy, the state auditor shall appoint the task force member or the replacement member.

(d) The chair of the task force shall be selected by the task force.

(e) Administrative services for the task force must be provided by the Department of Public Safety.

Subd. 2. [TASK FORCE DUTIES.] (a) The task force shall conduct fact finding regarding the creation of a statewide volunteer firefighter retirement plan.

(b) The task force shall recommend the investment vehicle or vehicles to be utilized by the plan, the administration and corporate governance structure of the plan, the incentives needed to formulate the plan, the limitations applicable to the plan, and the state resources needed to be dedicated to the plan.

Subd. 3. [REPORT.] The task force shall prepare a report detailing its findings about a potential statewide volunteer firefighter retirement plan. The report is due January 15, 2006, and must be filed with the Legislative Reference Library; the chair of the Legislative Commission on Pensions and Retirement; the chair of the State and Local Government Operations Committee of the senate; the chair of the State Government Budget Division, Environment, Agriculture, and Economic Development Budget Division, and Public Safety Budget Division of the senate Finance Committee; the chair of the Governmental Operations and Veterans Affairs Policy Committee of the house of representatives; and the chair of the State Government Finance Committee of the house of representatives.

Sec. 2. [APPROPRIATION.]

\$40,000 is appropriated from the general fund in fiscal year 2006 to the commissioner of public safety to hire a consultant to assist the statewide Volunteer Firefighter Retirement Plan Study Task Force.

Sec. 3. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to retirement; statewide and major local retirement plans; providing for various member and employer contribution rate increases; restructuring the statewide Teachers Retirement Association fund and benefit plan; providing a special postretirement adjustment to certain pre-1969 teachers; changing deferred annuities augmentation for new retirement plan members; creating a public pension plan default insurance pool; increasing the maximum retirement plan covered salary figure; providing certain early retirement incentives; creating a task force to study creation of a statewide volunteer firefighter retirement plan; appropriating money; amending Minnesota Statutes 2004, sections 352.01, subdivision 13; 352.04, subdivisions 2, 3, 12; 352.116, subdivision 1a; 352.72, subdivision 2; 352.911, subdivision 5; 352.92, subdivisions 1, 2; 352B.01, subdivision 11; 352B.02, subdivisions 1a, 1c, 1d; 352B.30, subdivision 2; 352D.04, subdivision 2; 352D.09, subdivision 7; 353.01, subdivision 10; 353.27, subdivisions 1, 2, 3, 3a, by adding a subdivision; 353.30, subdivision 5; 353.65, subdivisions 2, 3, 6; 353.71, subdivision 2; 353B.02, subdivision 10; 353E.01, subdivision 5; 353E.05; 354.05, subdivisions 2, 13, 35; 354.42,

subdivisions 2, 3, by adding a subdivision; 354.44, subdivision 6; 354.55, subdivision 11; 354A.011, subdivisions 15a, 24, 27; 354A.021, subdivisions 1, 4; 354A.092; 354A.093, subdivision 1; 354A.095; 354A.096; 354A.12, subdivisions 1, 2, 2a, 3a, 3b, 3c, 3d; 354A.30; 354A.31, subdivisions 4, 7; 354A.32, subdivision 1; 354A.37, subdivision 2; 354A.39; 354A.40, subdivision 1; 354A.41; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivision 8; 356.30, subdivisions 1, 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.315, by adding a subdivision; 356.42, subdivision 3; 356.465, subdivision 3; 356.611, subdivision 1; 422A.01, by adding a subdivision; 423A.02, subdivision 1b; 423B.01, by adding a subdivision; 423C.01, by adding a subdivision; 490.121, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 126C; 128D; 354; 356; repealing Minnesota Statutes 2004, sections 354A.051; 354A.105; 354A.23, subdivision 1; 354A.28."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Johnson, D.E. 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. 1218: A memorial resolution asking the residents of Minnesota for tolerance of different views on animal agriculture production practices; making 2005 the year the Minnesota feedlot war ended, and a new era beginning for Minnesota livestock farmers characterized by peace, love, harmony, and acceptance of diversity.

Reports the same back with the recommendation that the report from the Committee on Agriculture, Veterans and Gaming, shown in the Journal for April 18, 2005, be adopted; that committee recommendation being:

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

Senator Johnson, D.E. 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. 1908: A bill for an act relating to natural resources; establishing the Shooting Range Protection Act; requiring expedited rulemaking; proposing coding for new law as Minnesota Statutes, chapter 87A.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for May 5, 2005, be adopted; that committee recommendation being:

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

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 1109 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1109	1578				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 1555 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1555	1483				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1555 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1555 and insert the language after the enacting clause of S.F. No. 1483, the third engrossment; further, delete the title of H.F. No. 1555 and insert the title of S.F. No. 1483, the third engrossment.

And when so amended H.F. No. 1555 will be identical to S.F. No. 1483, and further recommends that H.F. No. 1555 be given its second reading and substituted for S.F. No. 1483, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 1507 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1507	1482				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1507 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1507 and insert the language after the enacting clause of S.F. No. 1482, the third engrossment; further, delete the title of H.F. No. 1507 and insert the title of S.F. No. 1482, the third engrossment.

And when so amended H.F. No. 1507 will be identical to S.F. No. 1482, and further recommends that H.F. No. 1507 be given its second reading and substituted for S.F. No. 1482, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 2156 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2156	1969				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2156 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2156 and insert the language after the enacting clause of S.F. No. 1969, the first engrossment; further, delete the title of H.F. No. 2156 and insert the title of S.F. No. 1969, the first engrossment.

And when so amended H.F. No. 2156 will be identical to S.F. No. 1969, and further recommends that H.F. No. 2156 be given its second reading and substituted for S.F. No. 1969, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 2133 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2133	2076				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2133 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2133 and insert the language after the enacting clause of S.F. No. 2076, the first engrossment; further, delete the title of H.F. No. 2133 and insert the title of S.F. No. 2076, the first engrossment.

And when so amended H.F. No. 2133 will be identical to S.F. No. 2076, and further recommends that H.F. No. 2133 be given its second reading and substituted for S.F. No. 2076, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 1748 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1748	1530				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1748 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1748 and insert the language after the enacting clause of S.F. No. 1530, the first engrossment; further, delete the title of H.F. No. 1748 and insert the title of S.F. No. 1530, the first engrossment.

And when so amended H.F. No. 1748 will be identical to S.F. No. 1530, and further recommends that H.F. No. 1748 be given its second reading and substituted for S.F. No. 1530, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1057, 1218 and 1908 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1109, 1555, 1507, 2156, 2133 and 1748 were read the second time.

RECESS

Senator Johnson, D.E. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Johnson, D.E. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1481: Senator Vickerman replaces Senator Michel.

H.F. No. 1420: Senators Bakk, Sams, Anderson, Frederickson and Kubly.

H.F. No. 1976: Senators Bakk, Sams, Anderson, Frederickson and Kubly.

CALL OF THE SENATE

Senator Betzold imposed a call of the Senate for the balance of the proceedings on the appointments. The Sergeant at Arms was instructed to bring in the absent members.

Senator Johnson, D.E. moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Senators Murphy, Rest and Sams were excused from the Session of today. Senator Scheid was excused from the Session of today from 11:00 to 11:25 a.m. Senator Johnson, D.E. was excused from the Session of today from 11:00 to 11:30 a.m. Senator Kelley was excused from the Session of today from 11:20 a.m. to 12:00 noon and at 1:00 p.m. Senator Robling was excused from the Session of today from 11:50 a.m. to 12:00 noon. Senator Rosen was excused from the Session of today at 1:00 p.m.

ADJOURNMENT

Senator Johnson, D.E. moved that the Senate do now adjourn until 9:00 a.m., Tuesday, May 17, 2005. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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