

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-FIFTH LEGISLATURE

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SIXTY-EIGHTH DAY

St. Paul, Minnesota, Monday, May 14, 2007

The Senate met at 1:00 p.m. and was called to order by the President.

## CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Roger W. Lynn.

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	Erickson Ropes	Langseth	Olson, G.	Scheid
Bakk	Fischbach	Larson	Olson, M.	Senjem
Berglin	Foley	Latz	Ortman	Sheran
Betzold	Frederickson	Limmer	Pappas	Sieben
Bonoff	Gerlach	Lourey	Pariseau	Skoe
Carlson	Gimse	Lynch	Pogemiller	Skogen
Chaudhary	Hann	Marty	Prettner Solon	Sparks
Clark	Higgins	Metzen	Rest	Tomassoni
Cohen	Ingebrigtsen	Michel	Robling	Torres Ray
Day	Jungbauer	Moua	Rosen	Vandever
Dibble	Koch	Murphy	Rummel	Vickerman
Dille	Koering	Neuville	Saltzman	Wergin
Doll	Kubly	Olseen	Saxhaug	Wiger

The President declared a quorum present.

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

## RECESS

Senator Clark 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.

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received.

May 10, 2007

The Honorable James P. Metzen  
President of the Senate

Dear President Metzen:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1311, 805, 1193, 1073 and 218.

Sincerely,  
Tim Pawlenty, Governor

May 10, 2007

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2007 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2007	Date Filed 2007
1311		59	9:56 a.m. May 10	May 10
805		60	9:58 a.m. May 10	May 10
	455	61	10:01 a.m. May 10	May 10
1193		62	10:02 a.m. May 10	May 10
1073		63	10:04 a.m. May 10	May 10
218		64	10:05 a.m. May 10	May 10

Sincerely,  
Mark Ritchie  
Secretary of State

**MESSAGES FROM THE HOUSE**

Mr. President:

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

**S.F. No. 145:** A bill for an act relating to energy; providing for community-based energy development; requiring a plan to reduce greenhouse gas emissions; amending Minnesota Statutes 2006, sections 216B.1612, subdivisions 1, 2, 3, 5, by adding a subdivision; 216B.1691, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 216F.

Senate File No. 145 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 11, 2007

Senator Prettner Solon moved that the Senate do not concur in the amendments by the House to S.F. No. 145, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference 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 has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

**S.F. No. 463:** A bill for an act relating to notaries public; increasing maximum fees; amending Minnesota Statutes 2006, section 357.17.

There has been appointed as such committee on the part of the House:

Hortman, Laine and DeLaForest.

Senate File No. 463 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 11, 2007

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 238, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 238:** A bill for an act relating to health; establishing public policy to protect employees and the general public from the hazards of secondhand smoke; requiring persons to refrain from smoking in certain areas; amending Minnesota Statutes 2006, sections 144.412; 144.413, subdivisions 2, 4, by adding subdivisions; 144.414; 144.416; 144.417; proposing coding for new

law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2006, section 144.415.

Senate File No. 238 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 11, 2007

## REPORTS OF COMMITTEES

### SUSPENSION OF RULES

Senator Pogemiler moved that Joint Rule 2.03 be suspended as it relates to the Committee Report on S.F. No. 430. The motion prevailed.

Senator Pogemiller moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

### **Senator Rest from the Committee on State and Local Government Operations and Oversight, to which was re-referred**

**S.F. No. 1648:** A bill for an act relating to transportation; establishing runway safety and airport zoning advisory task force; requiring report; appropriating money.

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

Page 2, line 4, delete "is comprised of the following" and insert "includes the following voting"

Page 2, line 14, after the semicolon, insert "and"

Page 2, line 16, delete the semicolon and insert a period

Page 2, after line 16, insert:

"(b) The task force also includes the following nonvoting members:"

Page 2, line 17, delete "(7)" and insert "(1)" and delete "and"

Page 2, line 18, delete "(8)" and insert "(2)" and delete the period and insert a semicolon

Page 2, after line 18, insert:

"(3) a representative of the Metropolitan Airports Commission;

(4) a representative of the Airline Pilots Association;

(5) a representative of the Air Transport Association;

(6) a representative of the Minnesota Business Aviation Association;

(7) a representative of the Federal Aviation Administration;

(8) a representative of the Minnesota Council of Airports; and

(9) representatives to provide advice regarding the Minneapolis-St. Paul International Airport, selected by each of the governing bodies of the following local units of government: Hennepin County, and the cities of Bloomington, Eagan, Mendota, Mendota Heights, Minneapolis, Richfield, and St. Paul."

Page 2, line 19, delete "(b)" and insert "(c)"

Page 2, line 26, after "for" insert "public"

Page 2, line 28, after "expires" insert "one month"

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

**Senator Rest from the Committee on State and Local Government Operations and Oversight, to which was referred**

**S.F. No. 430:** A bill for an act relating to retirement; correcting errors and omissions in 2006 omnibus retirement and other legislation; amending Minnesota Statutes 2006, sections 3A.05; 354.44, subdivision 6; 354A.12, subdivisions 3c, 3d; 356A.06, subdivision 6; Laws 2006, chapter 271, article 2, sections 12, subdivision 1; 13, subdivision 3; article 14, section 2, subdivision 3.

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 CLARIFICATIONS AND CORRECTIONS**

Section 1. Minnesota Statutes 2006, section 3A.05, is amended to read:

**3A.05 APPLICATION FOR SURVIVOR BENEFIT.**

(a) Applications for survivor benefits under section 3A.04 must be filed with the director by the surviving spouse and dependent child or children entitled to benefits under section 3A.04, or by the guardian of the estate, if there is one, of the dependent child or children.

(b) Survivor benefits accrue as of the first day of the month following the death of the member of the legislature or former legislator and payments commence as of the first of the month next following the filing of the application, and are retroactive to the date the benefit accrues or the first of the month occurring 12 months before the month in which the application is filed with the director, whichever is ~~earlier~~ later.

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 2. Minnesota Statutes 2006, section 13.632, subdivision 1, is amended to read:

Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries and survivors of the ~~Minneapolis Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association,~~ and the Duluth Teachers Retirement Fund Association members are private data on individuals: home address, date of birth, direct deposit number, and tax withholding data.

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

Sec. 3. Minnesota Statutes 2006, section 126C.41, subdivision 4, is amended to read:

Subd. 4. **Minneapolis health insurance subsidy.** Each year Special School District No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who is a retired member of the Teachers Retirement Association, who was a basic member of the former Minneapolis Teachers Retirement Fund Association, who retired before May 1, 1974, or who had 20 or more years of basic member service in the former Minneapolis Teachers Retirement Fund Association and retired before June 30, 1983, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district must notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The district must disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

This subdivision does not extend benefits to teachers who retire after June 30, 1983, and does not create a contractual right or claim for altering the benefits in this subdivision. This subdivision does not restrict the district's right to modify or terminate coverage under this subdivision.

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

Sec. 4. Minnesota Statutes 2006, section 353.01, subdivision 2b, is amended to read:

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

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

- (3) patient and inmate personnel who perform services for a governmental subdivision;
- (4) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;
- (5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;
- (6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, ~~the Minneapolis Teachers Retirement Fund Association~~, the St. Paul Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;
- (7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;
- (8) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;
- (9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;
- (10) students who are serving in an internship or residency program sponsored by an accredited educational institution;
- (11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;
- (12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the

work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

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

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

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

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

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the Carpenters Local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

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

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;



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

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

(23) reemployed annuitants of the association during the course of that reemployment.

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

Sec. 5. Minnesota Statutes 2006, 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 under section 354.05, subdivision 13a, for the period of the member's formula service credit.

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

	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, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

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

Each year of service after ten years of service	the percent specified in section 356.315, subdivision 2b, per year	the percent specified in section 356.315, subdivision 4, per year
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(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 section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member shall determine the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered before July 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age 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, 2006, and at 2.5 percent compounded annually if the employee

becomes an employee after June 30, 2006.

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

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 6. Minnesota Statutes 2006, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. **Special direct state matching aid to the Teachers Retirement Association.** (a) Special School District No. 1 must make an additional employer contribution to the Teachers Retirement Fund Association. The city of Minneapolis must make a contribution to the Teachers Retirement Association. This contribution 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) ~~\$1,125,000~~ \$1,250,000 must be contributed by Special School District No. 1 and ~~\$1,125,000~~ \$1,250,000 must be contributed by the city of Minneapolis to the Teachers Retirement Association under paragraph (a), and the state shall pay to the Teachers Retirement Association \$2,500,000 each fiscal year. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the Teachers Retirement 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 Teachers Retirement 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 Teachers Retirement 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).

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 7. Minnesota Statutes 2006, 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, ~~which~~ must continue to be paid to the Teachers Retirement Association until 2037-~~08~~. ~~The supplemental contributions payable 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 St. Paul Teachers Retirement Fund Association terminate 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 under section 356.214, 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 under section 356.214.

(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 the St. Paul Teachers Retirement Fund Association is funded at the funding ratio applicable to the Teachers Retirement Association when the provisions of paragraph (b) become effective, then any state aid previously distributed to that association must be immediately transferred to the Teachers Retirement Association.

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 8. Minnesota Statutes 2006, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. **Supplemental administrative expense assessment.** (a) The active and retired membership 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 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 plus 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 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 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.

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 9. Minnesota Statutes 2006, section 354B.21, subdivision 3, is amended to read:

Subd. 3. **Default coverage.** (a) Prior to making an election under subdivision 2, or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the following retirement coverage applies:

(1) for employees of the board who are employed in faculty positions in the technical colleges, in

the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;

(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the plan established by this chapter unless on June 30, 1997, the employee was a member of the Teachers Retirement Association established under chapter 354 and then the retirement coverage is by the Teachers Retirement Association, or, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage is by the Duluth Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995, or the ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement Association if the person was a member of ~~that plan~~ the former Minneapolis Teachers Retirement Fund Association on June 30, 1995, or the St. Paul Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995; and

(3) for employees of the board who are employed in eligible unclassified administrative positions, the retirement coverage is by the plan established by this chapter.

(b) If an employee fails to correctly certify prior membership in the Teachers Retirement Association to the Minnesota State colleges and Universities system, the system shall not pay interest on employee contributions, employer contributions, and additional employer contributions to the Teachers Retirement Association under section 354.52, subdivision 4.

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

Sec. 10. Minnesota Statutes 2006, section 355.01, subdivision 3h, is amended to read:

Subd. 3h. **Minneapolis teacher.** "Minneapolis teacher" means a person employed by Special School District No. 1, Minneapolis, who holds a position covered by the ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement Association under ~~chapter 354A~~ section 354.70.

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

Sec. 11. Minnesota Statutes 2006, section 356A.06, subdivision 6, is amended to read:

Subd. 6. **Limited list of authorized investment securities.** (a) Except to the extent otherwise authorized by law, a covered pension plan may invest its assets only in investment securities authorized by this subdivision if the plan does not:

(1) have assets with a book value in excess of \$1,000,000;

(2) use the services of an investment advisor registered with the Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, or registered as an investment advisor in accordance with sections 80A.58, and ~~80A.59~~ 80A.60, for the investment of at least 60 percent of its assets, calculated on book value;

(3) use the services of the State Board of Investment for the investment of at least 60 percent of its assets, calculated on book value; or

(4) use a combination of the services of an investment advisor meeting the requirements of clause (2) and the services of the State Board of Investment for the investment of at least 75 percent of its assets, calculated on book value.

(b) Investment securities authorized for a pension plan covered by this subdivision are:

(1) certificates of deposit issued, to the extent of available insurance or collateralization, by a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, is insured by the National Credit Union Administration, or is authorized to do business in this state and has deposited with the chief administrative officer of the plan a sufficient amount of marketable securities as collateral in accordance with section 118A.03;

(2) savings accounts, to the extent of available insurance, with a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;

(3) governmental obligations, including bonds, notes, bills, or other fixed obligations, issued by the United States, an agency or instrumentality of the United States, an organization established and regulated by an act of Congress or by a state, state agency or instrumentality, municipality, or other governmental or political subdivision that:

(i) for the obligation in question, issues an obligation that equals or exceeds the stated investment yield of debt securities not exempt from federal income taxation and of comparable quality;

(ii) for an obligation that is a revenue bond, has been completely self-supporting for the last five years; and

(iii) for an obligation other than a revenue bond, has issued an obligation backed by the full faith and credit of the applicable taxing jurisdiction and has not been in default on the payment of principal or interest on the obligation in question or any other nonrevenue bond obligation during the preceding ten years;

(4) corporate obligations, including bonds, notes, debentures, or other regularly issued and readily marketable evidences of indebtedness issued by a corporation organized under the laws of any state that during the preceding five years has had on average annual net pretax earnings at least 50 percent greater than the annual interest charges and principal payments on the total issued debt of the corporation during that period and that, for the obligation in question, has issued an obligation rated in one of the top three quality categories by Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and

(5) shares in an open-end investment company registered under the federal Investment Company Act of 1940, if the portfolio investments of the company are limited to investments that meet the requirements of clauses (1) to (4).

**EFFECTIVE DATE.** This section is effective retroactive to August 1, 2006.

Sec. 12. Minnesota Statutes 2006, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid or supplemental amortization aid distributed under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 70 percent of the amounts derived under this paragraph to the ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement Association and 30 percent to the St. Paul Teachers Retirement

Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments shall be made on or before June 30 each fiscal year. The amount required under this paragraph is appropriated annually from the general fund to the commissioner of revenue. If either the ~~Minneapolis Teachers Retirement Fund Association~~ or the St. Paul Teachers Retirement Fund Association becomes funded at the funding ratio applicable to the teachers retirement association based on the actuarial reports prepared by the actuary for the Legislative Commission on Pensions and Retirement, then the commissioner shall distribute that fund's share under this paragraph to the other fund. The appropriation under this paragraph terminates when both funds become fully funded, its eligibility for this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), Independent School District No. 625, St. Paul, must make contributions to the St. Paul Teachers Retirement Fund Association in accordance with the following schedule:

Fiscal Year	Amount
1996	\$0
1997	\$0
1998	\$200,000
1999	\$400,000
2000	\$600,000
2001 and thereafter	\$800,000

(c) ~~In order to receive amortization and supplementary amortization aid under paragraph (a),~~ Special School District No. 1, Minneapolis, and the city of Minneapolis must each make contributions to the ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement Association in accordance with the following schedule:

Fiscal Year	City amount	School district amount
1996	\$0	\$0
1997	\$0	\$0
1998	\$250,000	\$250,000
1999	\$400,000	\$400,000
2000	\$550,000	\$550,000
2001	\$700,000	\$700,000
2002	\$850,000	\$850,000
2003 and thereafter	\$1,000,000	\$1,000,000

(d) Money contributed under paragraph (a) and either paragraph (b) or (c), as applicable, must be credited to a separate account in the applicable teachers retirement fund and may not be used in



determining any benefit increases. The separate account terminates for a fund when the aid payments to the fund under paragraph (a) cease.

(e) Thirty percent of the difference between \$5,720,000 and the current year amortization aid or supplemental amortization aid under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried firefighter relief association must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations. The amount required under this paragraph is appropriated annually to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 13. Minnesota Statutes 2006, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the ~~assets of the Minneapolis Teachers Retirement Fund Association equal the actuarial accrued liability of that plan and when the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued liability of that plan~~ and when the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued liability of that plan or December 31, 2009, whichever is later.

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

Sec. 14. Laws 2006, chapter 271, article 2, section 12, subdivision 1, is amended to read:

Subdivision 1. **Election of prior state coverage.** (a) An employee in the occupational position of laundry coordinator or delivery van driver at the Minnesota Correctional Facility-Faribault who has future retirement coverage transferred to the correctional state employees retirement plan under section 5 is entitled to elect to obtain prior service credit for eligible correctional state service performed after June 30, 1997, and before July 1, 2006, with the Department of Corrections and an employee who had future retirement coverage transferred to the correctional state employees retirement plan under Laws 2004, chapter 267, article 1, section 1, is entitled to elect to obtain prior service credit for eligible correctional state service performed at the Minnesota Correctional Facility-Rush City before August 1, 2004. All prior service credit in either instance must be purchased.

(b) Eligible correctional state service is either a prior period of continuous service after June 30, 1997, at the Minnesota Correctional Facility-Faribault, or a prior period of continuous service at the Minnesota Correctional Facility-Rush City before August 1, 2004, whichever applies, performed as an employee of the Department of Corrections that would have been eligible for the correctional state employees retirement plan coverage under section 1, if that prior service had been performed after August 1, 2004, or June 30, 2006, rather than before August 1, 2004, or July 1, 2006, whichever applies. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 30 calendar days.

(c) The commissioner of corrections shall certify eligible correctional state service to the commissioner of employee relations and to the executive director of the Minnesota State Retirement System.

(d) A correctional employee covered under ~~section 4~~ this subdivision is entitled to purchase the past service if the department certifies that the employee met the eligibility requirements for

coverage. The employee must make additional employee contributions. Payment for past service must be completed by June 30, 2007.

**EFFECTIVE DATE.** This section is effective retroactive to June 14, 2006.

Sec. 15. Laws 2006, chapter 271, article 2, section 13, subdivision 3, is amended to read:

Subd. 3. **Employee equivalent contribution.** To receive the transfer of service credit specified in subdivision 1, the individual must pay to the executive director of the Minnesota State Retirement System the difference between the employee contribution rate for the general state employees retirement plan and the employee contribution rate for the correctional state employees retirement plan in effect during the period eligible for transfer applied to the eligible individual's salary at the time each additional contribution would have been deducted from pay if coverage had been provided by the correctional state employees retirement plan. These amounts shall be paid in a lump sum by September 1, ~~2005~~ 2007, or prior to termination of service, whichever is earlier, plus 8.5 percent annual compound interest from the applicable payroll deduction date until paid.

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

Sec. 16. Laws 2006, chapter 271, article 14, section 2, subdivision 3, is amended to read:

Subd. 3. **Payment.** If an eligible person meets the requirements to purchase service credit under this section, the public employees police and fire fund must be paid the amount determined under Minnesota Statutes, section 356.551. Of this amount:

(1) the eligible person must pay an amount equal to the employee contribution rate during the period of service to be purchased, applied to the actual salary in effect during that period, plus interest at the rate of 8.5 percent per year compounded annually from the date on which the contributions should have been made to the date on which payment is made under this section; and

(2) the city of Faribault must pay the remainder of the amount determined under Minnesota Statutes, section 356.551.

**EFFECTIVE DATE.** This section is effective retroactive to June 2, 2006.

## ARTICLE 2

### ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2006, section 3A.02, subdivision 1, is amended to read:

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

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

(2) has attained the normal retirement age;

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

(4) has made all contributions provided for in section 3A.03, has made payments for past service

under subdivision 2, or has made payments in lieu of contributions under Minnesota Statutes 1992, section 3A.031, before July 1, 1994.

(b) Unless the former legislator has legislative service before January 1, 1979, the retirement allowance is an amount equal to 2-1/2 percent per year of service of that member's average monthly salary and adjusted for that person 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. The adjustment must be calculated by or, alternatively, the adjustment procedure must be specified by, the actuary retained under section 356.214. The purpose of this adjustment is to ensure that the total amount of benefits that the actuary predicts an individual member will receive over the member's lifetime under this paragraph will be the same as the total amount of benefits the actuary predicts the individual member would receive over the member's lifetime under the law in effect before enactment of this paragraph. If the former legislator has legislative service before January 1, 1979, the person's benefit must include the additional benefit amount in effect on January 1, 1979, and adjusted as otherwise provided in this paragraph.

(c) The retirement allowance accrues ~~beginning with the first day of the month of receipt of the application,~~ following the receipt by the director of a retirement application on a form prescribed by the director, but not before the normal retirement age 60, ~~and, except as specified in subdivision 1b.~~ The annuity is payable for the remainder of the former legislator's life, if the former legislator is not serving as a member of the legislature or as a constitutional officer as defined in section 3A.01, subdivision 1c. The annuity does not begin to accrue before the person's retirement as a legislator. No annuity payment may be made retroactive for more than 180 days before the date that the annuity application is filed with the director.

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

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

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

Sec. 2. Minnesota Statutes 2006, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- ~~(3) employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;~~
- ~~(4) employees of the Minnesota Crop Improvement Association;~~
- ~~(5) (4) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;~~
- ~~(6) (5) employees of the Minnesota State Colleges and Universities employed under the~~

university or college activities program;

~~(7)~~ (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);

~~(8)~~ employees of the Armory Building Commission;

~~(9)~~ (7) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;

~~(10)~~ (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;

~~(11)~~ (9) employees of the Minnesota Safety Council;

~~(12)~~ (10) any employees on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;

~~(13)~~ (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control Commission, or Metropolitan Radio Board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;

~~(14)~~ (12) judges of the Tax Court;

~~(15)~~ (13) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

~~(16)~~ (14) seasonal help in the classified service employed by the Department of Revenue; ~~and~~

~~(17)~~ (15) persons employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4; and

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3).

(b) Employees specified in paragraph (a), clause ~~(15)~~ (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

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

Sec. 3. Minnesota Statutes 2006, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** "State employee" does not include:

(1) students employed by the University of Minnesota, or the state colleges and universities, unless approved for coverage by the Board of Regents of the University of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, as the case may be whichever is applicable;

(2) employees who are eligible for membership in the state Teachers Retirement Association, except employees of the Department of Education who have chosen or may choose to be covered by the general state employees retirement plan of the Minnesota State Retirement System instead of the Teachers Retirement Association;

(3) employees of the University of Minnesota who are excluded from coverage by action of the Board of Regents;

(4) officers and enlisted personnel in the National Guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(5) election officers;

(6) persons who are engaged in public work for the state but who are employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(7) officers and employees of the senate, or of the house of representatives, or of a legislative committee or commission who are temporarily employed;

(8) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the Department of Labor and Industry;

(9) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota Veterans Home;

(10) persons who are employed for professional services where the service is incidental to their regular professional duties and whose compensation is paid on a per diem basis;

(11) employees of the Sibley House Association;

(12) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the State Agricultural Society and its treasurer unless the treasurer is also its full-time secretary;

(13) state troopers and persons who are described in section 352B.01, subdivision 2, clauses (2) to (6);

(14) temporary employees of the Minnesota State Fair who are employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons who are employed at any time by the state fair administration for special events held on the fairgrounds;

(15) emergency employees who are in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other

than a temporary basis, the employee shall be considered a "state employee" retroactively to the beginning of the pay period;

~~(16)~~ persons who are described in section 352B.01, subdivision 2, clauses (2) to (6);

~~(17)~~ temporary employees in the classified service, and temporary employees in the unclassified service who are appointed for a definite period of not more than six months and who are employed less than six months in any one-year period;

~~(18)~~ (17) interns hired for six months or less and trainee employees, except those listed in subdivision 2a, clause ~~(10)~~ (8);

~~(19)~~ (18) persons whose compensation is paid on a fee basis or as an independent contractor;

~~(20)~~ (19) state employees who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in unclassified positions enumerated in section 43A.08, subdivision 1, clause (9);

~~(21)~~ (20) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the Teachers Retirement Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for incidental employment as a state employee that is not covered by one of the teacher retirement associations or systems;

~~(22)~~ (21) employees of the adjutant general who are employed on an unlimited intermittent or temporary basis in the classified or unclassified service for the support of Army and Air National Guard training facilities;

~~(23)~~ (22) chaplains and nuns who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended through December 31, 1992;

~~(24)~~ (23) examination monitors who are employed by departments, agencies, commissions, and boards to conduct examinations required by law;

~~(25)~~ (24) persons who are appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

~~(26)~~ (25) temporary employees who are employed for limited periods under any state or federal program for training or rehabilitation, including persons who are employed for limited periods from areas of economic distress, but not including skilled and supervisory personnel and persons having civil service status covered by the system;

~~(27)~~ (26) full-time students who are employed by the Minnesota Historical Society intermittently during part of the year and full-time during the summer months;

~~(28)~~ (27) temporary employees who are appointed for not more than six months, of the Metropolitan Council and of any of its statutory boards, if the board members are appointed by the Metropolitan Council;

~~(29)~~ (28) persons who are employed in positions designated by the Department of Employee

Relations as student workers;

~~(30)~~ (29) members of trades who are employed by the successor to the Metropolitan Waste Control Commission, who have trade union pension plan coverage under a collective bargaining agreement, and who are first employed after June 1, 1977;

~~(31)~~ persons who are employed in subsidized on-the-job training, work experience, or public service employment as enrollees under the federal Comprehensive Employment and Training Act after March 30, 1978, unless the person has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

~~(32)~~ (30) off-duty peace officers while employed by the Metropolitan Council;

~~(33)~~ (31) persons who are employed as full-time police officers by the Metropolitan Council and as police officers are members of the public employees police and fire fund;

~~(34)~~ (32) persons who are employed as full-time firefighters by the Department of Military Affairs and as firefighters are members of the public employees police and fire fund;

~~(35)~~ (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa valid for less than three years of employment, unless notice of extension is supplied which allows them to work for three or more years as of the date the extension is granted, in which case they are eligible for coverage from the date extended; and

~~(36)~~ (34) persons who are employed by the Board of Trustees of the Minnesota State Colleges and Universities and who elect to remain members of the Public Employees Retirement Association or the Minneapolis Employees Retirement Fund, whichever applies, under section 136C.75.

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

Sec. 4. Minnesota Statutes 2006, section 352.01, subdivision 11, is amended to read:

Subd. 11. **Allowable service.** (a) "Allowable service" means:

(1) ~~Service by an employee for which on or before July 1, 1957, the employee was entitled to allowable service credit on the records of the system 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, chapter 352, as amended by Laws 1955, chapter 239.~~

~~(2)~~ service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24;

~~(3)~~ ~~Except as provided in clauses (8) and (9),~~ (2) service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041;

~~(4) Except as provided in clauses (8) and (9), (3) service by an employee after July 1, 1957, for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, section 352.021, subdivision 4;~~

~~For purposes of clauses (3) and (4), except as provided in clauses (8) and (9), any salary paid for a fractional part of any calendar month, including the month of separation from state service, is deemed the compensation for the entire calendar month.~~

~~(5) (4) the period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund;~~

~~(6) (5) service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system;~~

~~(7) (6) service before July 1, 1978, by an employee of the Transit Operating Division of the Metropolitan Transit Commission or by an employee on an authorized leave of absence from the Transit Operating Division of the Metropolitan Transit Commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division, which was credited by the Metropolitan Transit Commission-Transit Operating Division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977;~~

~~(8) (7) service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern; and~~

~~Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.~~

~~(9) (8) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may pay the employer amount on behalf of its employees. Payments made under this clause must include interest at an annual rate of 8.5 percent compounded annually from the date of termination~~



~~of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence under section 352.017.~~

(10) MS 2002 [Expired]

(11) [Expired, 2002 c 392 art 2 s 4]

(b) For purposes of paragraph (a), clauses (2) and (3), any salary that is paid for a fractional part of any calendar month, including the month of separation from state service, is deemed to be the compensation for the entire calendar month.

(c) Allowable service determined and credited on a fractional basis must be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

**Sec. 5. [352.017] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.**

Subdivision 1. **Application.** Except for leaves or breaks in service covered by section 352.27 or 352.275, this section applies to all plans specified in this chapter for any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this chapter may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the end of the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 6. Minnesota Statutes 2006, section 352.12, subdivision 2a, is amended to read:

Subd. 2a. **Surviving spouse coverage term certain.** (a) In lieu of the 100 percent optional annuity under subdivision 2, or refund under subdivision 1, the surviving spouse of a deceased employee or former employee may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly

~~salary of the deceased employee or former employee.~~ The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

(b) If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

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

Sec. 7. Minnesota Statutes 2006, section 352.27, is amended to read:

**352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED SERVICE.**

(a) An employee 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 state service upon discharge from service in the uniformed service within the time frames required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service as further specified in this section, provided that the employee did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The employee may obtain credit by paying into the fund an equivalent employee contribution based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the employee would have received if the employee had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the employee's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service.

(c) The equivalent employer contribution and, if applicable, the equivalent additional employer contribution provided in ~~section 352.04~~ chapter 352 must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in ~~section 352.04~~ chapter 352, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent employee contribution.

(d) If the employee equivalent contributions provided in this section are not paid in full, the employee's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total employee contribution received by the total employee contribution otherwise required under this section.

(e) To receive service credit under this section, the contributions specified in this section must be transmitted to the Minnesota State Retirement System during the period which begins with the date on which the individual returns to state service and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is less than one year, the contributions required under this section to receive service credit may be made within one year of the discharge date.

(f) The amount of service credit obtainable under this section may not exceed five years unless

a longer purchase period is required under United States Code, title 38, section 4312.

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

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

Sec. 8. Minnesota Statutes 2006, section 352.951, is amended to read:

**352.951 APPLICABILITY OF GENERAL LAW.**

Except as otherwise provided, this chapter applies to covered correctional employees, military affairs personnel covered under section 352.85, ~~and~~ Transportation Department pilots covered under section 352.86, and state fire marshal employees under section 352.87.

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

Sec. 9. Minnesota Statutes 2006, section 352.98, is amended by adding a subdivision to read:

Subd. 8. **Exemption from process.** Assets in a health care savings plan account described in this section must be used for the reimbursement of healthcare expenses and are not assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

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

Sec. 10. Minnesota Statutes 2006, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), ~~and~~ (6) to (14), and (16) to (18), if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified ~~plan~~ program under this chapter unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified ~~plan~~ program.

(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;

(2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State

Auditor, Attorney General;

(3) an employee of the State Board of Investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) a full-time unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the Metropolitan Council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair;

(9) the executive director, associate executive director, and not to exceed nine positions of the Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota State Retirement System, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(11) the chief executive officers of correctional facilities operated by the Department of Corrections and of hospitals and nursing homes operated by the Department of Human Services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the ~~Minnesota Educational Computing Corporation~~ Agricultural Utilization Research Institute;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3; and

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22;

(16) an employee of Minnesota Technology Incorporated;

(17) a person employed by the Minnesota State Colleges and Universities as faculty or in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

(18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

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

Sec. 11. Minnesota Statutes 2006, section 352D.02, subdivision 3, is amended to read:

Subd. 3. ~~**Election irrevocable Transfer to general plan.** An election to not participate is irrevocable during any period of covered employment.~~ (a) An employee credited with employee shares in the unclassified program, after acquiring credit for ten years of allowable service ~~but prior to~~ and not later than one month following the termination of covered employment, may, ~~notwithstanding other provisions of this subdivision,~~ elect to terminate participation in the unclassified ~~plan program~~ and be covered by the ~~regular~~ general plan by filing ~~such a written~~ election with the executive director. The executive director shall ~~thereupon then~~ redeem the employee's total shares and shall credit to the employee's account in the ~~regular~~ general plan the amount of contributions that would have been so credited had the employee been covered by the ~~regular~~ general plan during the employee's entire covered employment. The balance of money so redeemed and not credited to the employee's account shall be transferred to the ~~state contribution reserve of the state employees general plan~~ retirement fund, except that (1) the employee contribution paid to the unclassified ~~plan program~~ must be compared to (2) the employee contributions that would have been paid to the general plan for the comparable period, if the individual had been covered by that plan. If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general plan coverage or before the effective date of the annuity, whichever is sooner.

(b) An election under paragraph (a) to transfer coverage to the general plan is irrevocable during any period of covered employment.

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

Sec. 12. Minnesota Statutes 2006, section 352D.06, subdivision 3, is amended to read:

Subd. 3. **Accrual date.** An annuity under this section accrues the first day of the first full month after an application is received or after the day following termination of state service, whichever is later. ~~Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts.~~ The account must be valued and redeemed on the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity.

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

Sec. 13. Minnesota Statutes 2006, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) Public employees whose salary from employment in one or more positions within one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary is less than \$425 in a subsequent month,

the employee retains membership eligibility. Eligible public employees shall participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

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

(c) Public employees under paragraph (a) include physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2.

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

Sec. 14. Minnesota Statutes 2006, section 353.01, subdivision 2b, is amended to read:

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

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position. ~~Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;~~

(2) election officers or election judges;

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

(4) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;

(5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, the Minneapolis Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

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

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

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

(12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

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

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

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

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

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the Carpenters Local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

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

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

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



- (22) independent contractors and the employees of independent contractors; and
- (23) reemployed annuitants of the association during the course of that reemployment.

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

Sec. 15. Minnesota Statutes 2006, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department ~~or~~, unit or instrumentality of state or local government, or any public body whose revenues are derived established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Metropolitan Minnesota Intercounty Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, ~~nor the Minneapolis Community Development Agency; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.~~

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

**EFFECTIVE DATE.** This section is effective the day following final enactment. Paragraphs (e) and (f) apply to initial plan coverage dates occurring on or after that date.

Sec. 16. Minnesota Statutes 2006, section 353.01, subdivision 16, is amended to read:

**Subd. 16. Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and ~~during or~~ for which a member obtained service credit for each month in the leave period by ~~payments~~ payment under section 353.0161 to the fund made in place of salary deductions. ~~The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a, whichever is earlier. The employer, by appropriate action of its governing body which is made a part of its official records and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;~~

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions

in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(6) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff; or

(7) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service is credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 20 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The

governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) 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 the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(e) MS 2002 [Expired]

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 17. Minnesota Statutes 2006, section 353.01, subdivision 28, is amended to read:

Subd. 28. **Retirement.** (a) "Retirement" means the commencement of the payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a. A right to retirement requires a complete and continuous separation for 30 days from employment as a public employee and from the provision of paid services to that employer.

(b) An individual who separates from employment as a public employee and who, within 30 days of separation, returns to provide service to a governmental subdivision as an independent contractor or as an employee of an independent contractor, has not satisfied the separation requirements under paragraph (a).

~~(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination of~~

~~the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.~~

~~(d) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the a defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan. A retirement annuity is also payable from a defined benefit plan under this chapter to an eligible member who terminates public service and who, within 30 days of separation, takes office as an elected official of a governmental subdivision.~~

~~(d) Elected officials included in association membership under subdivisions 2a and 2d meet the 30-day separation requirement under this section by resigning from office before filing for a subsequent term in the same office and by remaining completely and continuously separated from that office for 30 days prior to the date of the election.~~

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

**Sec. 18. [353.0161] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.**

**Subdivision 1. Application.** This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (4), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

**Subd. 2. Purchase procedure.** (a) An employee covered by a plan specified in subdivision 1 may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the end of the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of

absence that commence on or after that date.

Sec. 19. Minnesota Statutes 2006, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers of the board.** (a) The board shall:

(1) elect a president and vice-president. The board shall;

(2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund. The cost of administering this chapter must be paid by the fund.;

~~(b) The board shall~~ (3) adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure. It shall;

(4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and the terms of the applicable benefit plans for the administration and management of the fund, for the payment and collection of payments from members, and for the payment of withdrawals and benefits. It shall, and that are necessary in order to comply with the applicable federal Internal Revenue Service and Department of Labor requirements;

(5) pass upon and allow or disallow all applications for membership in the fund and shall allow or disallow claims for withdrawals, pensions, or benefits payable from the fund. It shall;

(6) adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary and approved under section 356.215, subdivision 18, with interest set at the rate specified in section 356.215, subdivision 8. It shall;

(7) provide for the payment out of the fund of the cost of administering this chapter, of all necessary expenses for the administration of the fund and of all claims for withdrawals, pensions, or benefits allowed. The board shall; and

(8) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a.

~~(e)~~ (b) In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the fund, as a condition precedent to the passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine their validity and merit. The board shall establish procedures to assure that a benefit applicant and recipient may have a review of a benefit eligibility or benefit amount determination affecting the applicant or recipient. The review procedure may afford the benefit applicant or benefit recipient an opportunity to present views at any review proceeding conducted, but is not a contested case under chapter 14.

~~(d)~~ (c) The board may continue to authorize the sale of life insurance to members under the insurance program in effect on January 1, 1985, but must not change that program without the approval of the commissioner of finance. The association shall not receive any financial benefit from the life insurance program beyond the amount necessary to reimburse the association for costs incurred in administering the program. The association shall not engage directly or indirectly in any other activity involving the sale or promotion of goods or services, or both, whether to members or nonmembers.

~~(e)~~ (d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures ~~shall~~ must define the types of activities and expenses that qualify for reimbursement, ~~shall~~ must provide that all out-of-state travel ~~must~~ be authorized by the board, and ~~shall~~ must provide for the independent verification of claims for expense reimbursement. The procedures must comply with the applicable rules and policies of the Department of Finance, the Department of Administration, and the Department of Employee Relations.

~~(f)~~ (e) The board may purchase fiduciary liability insurance and official bonds for the officers and members of the board of trustees and employees of the association and may purchase property insurance or may establish a self-insurance risk reserve including, but not limited to, data processing insurance and "extra-expense" coverage.

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

Sec. 20. Minnesota Statutes 2006, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. **Executive director.** (a) **Appointment.** The board shall appoint, ~~with the advice and consent of the senate,~~ an executive director on the basis of education, experience in the retirement field, and leadership ability. The executive director ~~shall~~ must have had at least five years' experience in an executive level management position, which has included responsibility for pensions, deferred compensation, or employee benefits. The executive director serves at the pleasure of the board. The salary of the executive director is as provided by section 15A.0815.

(b) **Duties.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate, with the approval of the board, up to two persons who ~~shall~~ may serve in the unclassified service and whose ~~salary is~~ salaries are set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the control of, and under such conditions as, the executive director may prescribe;
- (6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall

function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Copies of professional management survey reports shall be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;

(7) with the approval of the board provide in-service training for the employees of the association;

(8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, as provided in this chapter;

(9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

(10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the Department of Finance for approval by the commissioner;

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

(14) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business.

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

Sec. 21. Minnesota Statutes 2006, section 353.03, subdivision 4, is amended to read:

Subd. 4. **Offices.** The commissioner of administration shall make provision for suitable office space in the state capitol or other state office buildings, or at such other location as is determined by the commissioner for the use of the board of trustees and its executive director. The commissioner shall give the board at least four months notice for any proposed removal from their present location. Any and all rental charges shall be paid by the trustees from the public employees retirement fund public pension fund facilities created under section 356B.10.



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

Sec. 22. Minnesota Statutes 2006, section 353.27, is amended by adding a subdivision to read:

**Subd. 14. Treatment of periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association, that employer and its employees are subject to the requirements of subdivision 12, effective retroactive to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution retirement plan, other than a volunteer firefighters relief association. If this paragraph applies, an individual is prohibited from purchasing service credit for any period or periods specified in paragraph (a).

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to initial plan coverage dates occurring on or after that date.

Sec. 23. Minnesota Statutes 2006, section 353.28, subdivision 6, is amended to read:

**Subd. 6. Collection of unpaid amounts.** (a) If a governmental subdivision which receives the direct proceeds of property taxation fails to pay an amount due under chapter 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due in a timely fashion, the executive director shall certify the amount to the applicable county auditor for collection. The county auditor shall collect the amount out of the revenue of the governmental subdivision, or shall add the amount to the levy of the governmental subdivision and make payment directly to the association. This tax must be levied, collected, and apportioned in the manner that other taxes are levied, collected, and apportioned.

(b) If a governmental subdivision which is not funded directly from the proceeds of property taxation fails to pay an amount due under this chapter, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to pay the amount for a period of 60 days after the date of the certification, the executive director shall certify the amount to the commissioner of finance, who shall deduct the amount from any subsequent state-aid payment or state appropriation amount applicable to the governmental subdivision and make payment directly to the association. If the amount of the state-aid payment or state appropriation is not sufficient to pay the full sum due, the amounts paid to the association must be applied first to the unpaid employee deductions withheld from the employees' wages and next to the unpaid employer contributions. Any remaining amount received by the association must be applied to the interest due on the employee and employer contribution amounts. If a government subdivision under this paragraph owes amounts to more than one public retirement plan, section 356.98 applies.

(c) If a governmental subdivision has been dissolved or closed, the requirements in paragraph

(b) of a certification to the governmental subdivision and the related 60-day waiting period do not apply. The executive director is authorized to immediately certify the applicable amount to the commissioner of finance.

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

Sec. 24. Minnesota Statutes 2006, section 353.29, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 353.30, subdivisions ~~4~~, 1a, 1b, and 1c, applies to any member who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) will apply. The average salary as defined in section 353.01, subdivision 17a, multiplied by the percent specified in section 356.315, subdivision 3, for each year of allowable service for the first ten years and thereafter by the percent specified in section 356.315, subdivision 4, per year of allowable service and completed months less than a full year for ~~the "basic member,"~~ a basic member, and the percent specified in section 356.315, subdivision 1, for each year of allowable service for the first ten years and thereafter by the percent specified in section 356.315, subdivision 2, per year of allowable service and completed months less than a full year for ~~the "coordinated member,"~~ a coordinated member shall determine the amount of the ~~"normal"~~ normal retirement annuity.

(b) This paragraph applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions ~~4~~, 1a, 1b, and 1c. The average salary, as defined in section 353.01, subdivision 17a, multiplied by the percent specified in section 356.315, subdivision 4, for each year of allowable service and completed months less than a full year for a basic member and the percent specified in section 356.315, subdivision 2, per year of allowable service and completed months less than a full year for a coordinated member, shall determine the amount of the normal retirement annuity.

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

Sec. 25. Minnesota Statutes 2006, section 353.30, subdivision 1a, is amended to read:

Subd. 1a. **Pre-July 1, 1989 members: rule of 90.** ~~Any~~ Upon termination of public service under section 353.01, subdivision 11a, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and 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 section 353.29, subdivisions 2 and subdivision 3, paragraph (a), without any reduction in annuity ~~by reason of such~~ due to early retirement.

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

Sec. 26. Minnesota Statutes 2006, section 353.30, subdivision 1b, is amended to read:

Subd. 1b. **Pre-July 1, 1989 members: 30 years of service.** ~~Any~~ Upon termination of public service under section 353.01, subdivision 11a, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, with 30 years or more of allowable service credit, who elects ~~early retirement under subdivision 1~~ to retire prior to

normal retirement age, shall receive an annuity in an amount equal to the normal annuity provided under section 353.29, ~~subdivisions 2 and~~ subdivision 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

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

Sec. 27. Minnesota Statutes 2006, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. **Pre-July 1, 1989 members: early retirement.** ~~Any~~ Upon termination of public service, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and who has received credit for at least 30 years of allowable service or who has become at least 55 years old but not normal retirement age, and has received credit for at least three years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and subdivision 3, paragraph (a), 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 the reduction shall be applied only for each month that the member is under age 62 at the time of retirement.

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

Sec. 28. Minnesota Statutes 2006, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who has credit for not less than three years of allowable service and dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to ~~the a~~ a 100 percent joint and survivor annuity that the member could have qualified for had the member terminated service on the date of death computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) ~~If the a member was under age 55 first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using computed using section 353.30, subdivision 1b, except that the full early retirement reduction under section 353.30, subdivisions 1b and 1c, to that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.~~

(c) ~~If the a member who was under age 55 and has credit for at least three years of allowable service on the date of death dies, but did not qualify for retirement on the date of death, the surviving spouse may elect to receive the a 100 percent joint and survivor annuity based on the age of the member and surviving spouse at the time of death. The annuity is payable computed using section 353.30, subdivision 1c or 5, as applicable, except that the full early retirement reduction under section 353.30, subdivision 1, 1b, 1c, or 5, specified in the applicable subdivision will be applied to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.~~

(d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a

former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite the terms of a marriage dissolution decree filed with the association.

(e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death. ~~The annuity must be computed under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b, 1c, and 5.~~

(f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. ~~No payment may accrue beyond the end of the month in which entitlement to the annuity has terminated or upon expiration of the term certain benefit payment under subdivision 1b.~~

(g) An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

~~(g)~~ (h) A member may specify in writing that this subdivision does not apply and that payment may be made only to the designated beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this section does not make a dependent child eligible for benefits under subdivision 1c.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service that the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

**EFFECTIVE DATE.** This section is effective for survivor benefits based on a date of death occurring on or after July 1, 2007. This section is not intended to increase, modify, impair, or diminish the benefit entitlements specified in the subdivision within the Minnesota Statutes being amended. If the executive director of the Public Employees Retirement Association determines that any provision of this section does increase, modify, impair, or diminish the benefit entitlements as reflected in applicable law just before the effective date of this section, the executive director shall certify that determination and a recommendation as to the required legislative correction to the chairs of the Legislative Commission on Pensions and Retirement, the house of representatives Governmental Operations, Reform, Technology and Elections Committee, the senate State and Local Government Operations and Oversight Committee, and to the executive director of the Legislative Commission on Pensions and Retirement.

Sec. 29. Minnesota Statutes 2006, section 353.32, subdivision 1b, is amended to read:

Subd. 1b. **Survivor coverage term certain.** (a) In lieu of the 100 percent optional annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage for a term certain period of ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The benefit terminates at the end of the specified term certain period. Except as otherwise specified in this subdivision, the monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.

(b) If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

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

Sec. 30. Minnesota Statutes 2006, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** A member with at least three years of allowable service when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 4, 1a, 1b, 1c, or 5. The deferred annuity must be computed under section 353.29, ~~subdivisions 2 and~~ subdivision 3, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in section 353.71, subdivision 2. A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

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

Sec. 31. Minnesota Statutes 2006, 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 356.551 354.72, or

(10) A period of service before July 1, 2006, that was properly credited as allowable service 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, 2006, 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. Service as an employee of Special School District No. 1, Minneapolis, on or after July 1, 2006, is "allowable service" only as provided by this chapter.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 32. Minnesota Statutes 2006, section 354.093, is amended to read:

**354.093 PARENTAL LEAVE.**

Upon granting a parental leave for the birth or adoption of a child, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental leave of absence by the employing unit is entitled to

service credit not to exceed one year for the period of leave upon payment to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must equal the total required employee and employer contributions, and amortization contributions, if any, for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest under section 354.72. Notwithstanding the provisions of any agreements to the contrary, the contributions specified in this section may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 33. Minnesota Statutes 2006, section 354.094, is amended to read:

**354.094 EXTENDED LEAVES OF ABSENCE.**

Subdivision 1. **Service credit contributions.** (a) Upon granting any extended leave of absence under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence under section 122A.46 or 136F.43 ~~may pay employee contributions and shall receive allowable and formula service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave~~ payment is made as specified in paragraph (b). The employer may enter into an agreement with the exclusive bargaining representative of the teachers in the district under which, for an individual teacher, all or a portion of the employee's contribution is paid by the employer. Any such agreement must include a sunset of eligibility to qualify for the payment and must not be a part of the collective bargaining agreement. The leave period must not exceed five years. A member may not receive more than five years of allowable or formula service credit under this section. ~~The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave.~~

(b) Employee contribution payments without interest for the years for which a member is receiving service credit while on extended leave must be made on or before June 30 of each fiscal year for which service credit is to be received, or in instances of late reporting by the employer, within 30 days after the association gives notification to the member of the amount due. If payment is to be made by a transfer of pretax assets authorized under section 356.441, payment is authorized after June 30 of the fiscal year providing that authorization for the asset transfer has been received by the applicable third party administrator by June 30, and the payment must include interest at a rate of .708 percent per month from June 30 through the end of the month in which payment is received. No payment is permitted after the following September 30. Payment is authorized after June 30 as specified in section 354.72.

(c) Notwithstanding the provisions of any agreements to the contrary, ~~employee and employer contributions payments~~ payments may not be made to receive allowable and formula service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

(d) Any school district paying the employee's retirement contributions or payments under this

section shall forward to the applicable Teachers Retirement Association or retirement fund a copy of the agreement executed by the school district and the employee.

Subd. 2. **Membership; retention.** Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave ~~whose employee and employer contributions are paid into the fund pursuant to~~ under subdivision 1 shall retain membership in the association ~~for as long as the contributions are paid~~ if payment under subdivision 1, paragraph (b), or section 354.72, is made, under the same terms and conditions as if the member had continued to teach in the district or the Minnesota State Colleges and Universities system.

Subd. 3. **Effect of nonpayment.** A member on extended leave of absence ~~pursuant to~~ under section 122A.46 or 136F.43 who ~~does not pay employee contributions or whose employer contribution is not paid into the fund in any~~ fails to make payments under subdivision 1, paragraph (b), or section 354.72, for any given year of the leave shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not ~~pay employee or employer contributions into~~ make payment to the fund ~~in~~ for any subsequent year of the leave until full payment is made for all prior years of the leave. ~~Nonpayment of contributions into the fund~~ Failure to make payment shall does not affect the rights or obligations of the member or the member's employer under section 122A.46 or 136F.43.

Subd. 4. **Member who does not resume teaching.** A member who ~~pays employee contributions into~~ makes the payments specified in subdivision 1, paragraph (b), or section 354.72, to the fund for the agreed maximum duration of an extended leave and who does not resume teaching in the first school year after that maximum duration has elapsed shall be is deemed to cease to render teaching services beginning in that year for purposes of this chapter.

Subd. 5. **Discharge; layoff.** The provisions of this section shall do not apply to a member who is discharged or placed on unrequested leave of absence or retrenchment or layoff or whose contract is terminated while the member is on an extended leave of absence ~~pursuant to~~ under section 122A.46 or 136F.43.

Subd. 6. **Limits on other service credit.** A member who ~~pays employee contributions~~ makes the payments required under subdivision 1, paragraph (b), or section 354.72, and receives allowable and formula service credit in the association ~~pursuant to~~ under this section may not pay employee contributions or receive allowable or formula service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall must not be construed to prohibit a member who ~~pays employee contributions and~~ receives allowable and formula service credit in the association ~~pursuant to~~ under this section in any for a given year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable or formula service credit in the association for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable or formula service credit ~~pursuant to~~ under this section or section 354A.091 while on an extended leave of absence ~~pursuant to~~ under section 122A.46.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 34. Minnesota Statutes 2006, section 354.095, is amended to read:



**354.095 MEDICAL LEAVE; PAYMENT PROCEDURES.**

Upon granting a medical leave, an employing unit must certify the leave to the association on a form specified by the executive director. A member of the association who is on an authorized medical leave of absence 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 under section 354.72. ~~This payment must include the required employee and employer contributions at the rates specified in section 354.42, subdivisions 2, 3, and 5, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus compound annual interest at the rate of 8.5 percent 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 before the effective date of retirement or by the end of the fiscal year following the fiscal year in which the leave of absence terminated, whichever is earlier. 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 354.48 and receive allowable service credit under this section for the same period of time. Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 35. Minnesota Statutes 2006, section 354.096, subdivision 2, is amended to read:

Subd. 2. **Payment.** (a) Notwithstanding any laws to the contrary, a member who is granted a family leave under United States Code, title 42, section 12631, may receive allowable service credit for the leave by making payment of the employee, employer, and additional employer contributions at the rates under section 354.42, during the leave period as applied to the member's average full-time monthly salary rate on the date the leave commenced.

~~(b) The member may make If payment, without interest, to the association by the end of the fiscal year following the fiscal year in which the leave terminated or before the effective date of the member's retirement, whichever is earlier is made after the leave terminates, section 354.72 applies.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

**Sec. 36. [354.105] PAYMENTS USING PRETAX TRANSFERS.**

If a current or past member is making a payment to the Teachers Retirement Association to receive service credit under a provision of this chapter, chapter 356, or applicable special law, and this payment is to be made by a transfer of pretax assets authorized under section 356.441, payment is authorized after the due date, but not to exceed 90 days, provided that the authorization for the asset transfer has been received by the applicable third party administrator by the due date, and the payment must include interest at a rate of .708 percent per month from the due date through the end of the month in which the Teachers Retirement Association receives the payment.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 37. Minnesota Statutes 2006, section 354.35, is amended to read:

**354.35 OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE NORMAL RETIREMENT AGE.**

Subdivision 1. Normal retirement age definition. For purposes of this section, "normal retirement age" means normal retirement age as defined in United States Code, title 42, section 416(1), as amended.

Subd. 2. Election of accelerated annuity. (a) Any coordinated member who retires before normal retirement age ~~65~~ may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains age 65, or normal retirement age, in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches age 65, or normal retirement age, and at that time the payment from the association must be reduced. For each year the retiree is under age 65, or normal retirement age, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. ~~At retirement,~~

(b) Members who retire before age 62 may elect to have the age specified in annuity under this section be subdivision accelerated to age 62 instead of 65 rather than normal retirement age or age 65.

(c) The method of computing the optional accelerated retirement annuity provided in this section subdivision is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity or any modification of that procedure, the board of trustees must obtain the written approval of the actuary retained under section 356.214. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 38. Minnesota Statutes 2006, section 354.45, subdivision 1a, is amended to read:

Subd. 1a. Bounce-back annuity. (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 1 ~~after June 30, 1989~~, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 1 elected before July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph may not be interpreted as authorizing retroactive payments. The restoration of the normal single life annuity under this subdivision will

take effect on July 1, 1989, or the first of the month following the date of death of the designated optional annuity beneficiary, or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the Teachers Retirement Association, whichever date is later.

(c) Except as stated in paragraph (b), this subdivision may not be interpreted as authorizing retroactive benefit payments.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 39. Minnesota Statutes 2006, section 354.48, subdivision 3, is amended to read:

Subd. 3. **Computation of benefits.** ~~(1)~~ (a) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, ~~clauses (1) and (2)~~ paragraphs (b) and (c), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher were at normal retirement age at the time the benefit begins to accrue and in accordance with the law in effect ~~when the disability application is received~~ on the last day for which salary is received. Any member who applies for a disability benefit after June 30, 1974, and who failed to make an election pursuant to under Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this clause paragraph, as further specified in paragraphs (b) and (c), or clause (2) paragraph (d), whichever is larger.

(b) The benefit granted shall be determined by the following:

~~(a)~~ (1) the amount of the accumulated deductions;

~~(b)~~ (2) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;

~~(c)~~ (3) interest for the years from the date the benefit begins to accrue to the date the member attains normal retirement age at the rate of three percent;

~~(d)~~ (4) annuity purchase rates based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

(c) In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later, must be paid to basic members.

~~(2)~~ (d) The disability benefit granted to members covered under section 354.44, subdivision 6, shall be computed in the same manner as the annuity provided in section 354.44, subdivision 6. The disability benefit shall be the formula annuity without the reduction for each month the member is under normal retirement age when the benefit begins to accrue as defined by the law in effect on the last day for which salary is paid.

~~(3)~~ (e) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

**Sec. 40. [354.471] ACCOUNT TERMINATION; RESTORATION.**

Subdivision 1. **Account termination.** If an active or deferred member dies and there is no surviving spouse or other beneficiaries, or the spouse or beneficiaries cannot be located within five years of the date of death of the member, the accumulated employee and employer contributions and any other payments made to the Teachers Retirement Association fund by the individual or on behalf of the individual, and all investment earnings on these amounts, must be credited to and become part of the retirement fund.

Subd. 2. **Restoration.** Following a forfeiture under subdivision 1, if a surviving spouse or other beneficiary of the deceased contacts the Teachers Retirement Association and, based on documentation determined by the executive director to be valid and adequate, establishes a right to a survivor annuity, death refund, or other benefit provided by this chapter, the account forfeited under subdivision 1 must be fully or partially restored, as necessary.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

**Sec. 41. [354.72] AUTHORIZED LEAVE OF ABSENCE AND STRIKE PERIOD SERVICE CREDIT PURCHASE PROCEDURE.**

Subdivision 1. **Application.** This section applies to any strike period under section 354.05, subdivision 13, clause (9), and to any period of authorized leave of absence without pay under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains credit for allowable service by making payment as specified in this section to the Teachers Retirement Association fund. Each year of an extended leave of absence under section 354.094 is considered to be a separate leave for purposes of this section.

Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and formula service in the plan for a period specified in subdivision 1 if the teacher makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the end of the strike period or authorized leave under section 354.093, 354.095, or 354.096, or after June 30 and before the following June 30 for an extended leave of absence under section 354.094, the payment must equal the total employee and employer contributions, including amortization contributions if applicable, given the contribution rates in section 354.42, multiplied by the member's average monthly salary rate on the commencement of the leave or period of strike, multiplied by the months and portions of a month of the leave of absence or period of strike for which the teacher seeks allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period or strike period, or from June 30 for an extended leave of absence under section 354.094, until the last day of the month in which payment is received.

(c) If payment is received by the executive director after the applicable last permitted date under paragraph (b), the payment amount is the amount determined under section 356.551.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after that date.

Sec. 42. Minnesota Statutes 2006, section 356.195, subdivision 1, is amended to read:

Subdivision 1. **Covered plans.** This section applies to all defined benefit plans specified in section 356.30, subdivision 3, except clause (10).

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

Sec. 43. Minnesota Statutes 2006, section 356.405, is amended to read:

**356.405 COMBINED PAYMENT OF RETIREMENT ANNUITIES.**

(a) The Public Employees Retirement Association and the Minnesota State Retirement System are permitted to combine payments to retirees if one of the payments is less than \$250 per month and if the individual elects the same joint and survivor annuity form from both systems, or if the individual elects straight life annuities from both systems. The total payment must be equal to the amount that is payable if payments were kept separate. ~~The retiree must agree, in writing, to have the payment combined.~~

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves ~~and future mortality losses or gains~~ must be paid ~~or accrued~~ to the plan making the combined payment from which the plan where the service was earned. ~~Each plan must account for its portion of the payment separately, and there may be no additional actuarial liabilities realized by either plan.~~

(c) The plan making the payment would be responsible for issuing one payment and making address changes, tax withholding changes, and other administrative functions needed to process the payment.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 44. Minnesota Statutes 2006, section 356.46, subdivision 3, is amended to read:

Subd. 3. **Requirement of notice to member's spouse.** (a) Except as specified in paragraph (c), if a public pension plan provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional a retirement annuity.

(b) Following the election of a retirement annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the executive director of the public pension plan to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form, unless the spouse's signature confirming the receipt is on the annuity application form. If the required signed acknowledgment is not received from the spouse within 30 days, the executive director of the public pension plan must send another copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

(c) For the Teachers Retirement Association, the statement to the spouse that is required under paragraph (a) must be sent before or upon the member's election of an annuity.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

**COMPREHENSIVE EMPLOYMENT TRAINING ACT  
SERVICE CREDIT PURCHASE**

Sec. 45. **[356.95] PURCHASE OF PRIOR COMPREHENSIVE EMPLOYMENT TRAINING ACT SERVICE.**

Subdivision 1. **Eligibility.** An eligible person is a person who:

(1) is currently an active plan member in a plan included under section 356.30, subdivision 3, other than clause (3);

(2) was excluded from pension coverage under the provisions of Laws 1978, chapter 720; and

(3) subsequently became employed in unsubsidized public employment covered by a pension plan included under section 356.30, subdivision 3, other than clause (3), with the same public employer which provided the subsidized employment or other public employer.

Subd. 2. **Authorization.** An eligible person under subdivision 1 is authorized to purchase service credit for that period of uncovered prior subsidized public employment, other than a period of prior subsidized public employment for which a repayment of a refund was made, with a public pension plan specified in subdivision 1, clause (3), which, except for the exclusion provided by Laws 1978, chapter 720, would have provided pension coverage for the subsidized employment.

Subd. 3. **Procedures.** Section 356.551 applies to purchases under this section, except that payment must be made before the expiration date of this section or termination from eligible employment covered by a pension plan under subdivision 1, clause (1), whichever is earlier.

Subd. 4. **Restriction.** (a) Pre-July 1, 1989, service credit purchased under this section does not extend eligibility to plan benefits applicable to individuals who became members prior to July 1, 1989, of a plan listed in section 356.30, subdivision 3.

(b) Service credit may not be purchased for any period for which the individual has service credit in a covered pension plan, as defined in section 356A.01, subdivision 8, other than a volunteer firefighter plan.

Subd. 5. **Expiration.** This section expires on June 30, 2009.

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

**RECEIVABLES**

Sec. 46. **[356.98] ALLOCATION OF RECEIVABLES.**

If an employing unit is dissolved or closed and amounts are owed to more than one Minnesota public pension plan, any amounts available to cover payments to the plans must be applied first to the employee contributions owed to the applicable plans, and next to the unpaid employer contributions, including any applicable employer additional contributions, and finally to the interest due on the employee and employer amounts. If, at any stage in this allocation process, the available amount is insufficient to fully cover the amount required, the remaining available payment amount must be prorated among the applicable plans based on each plan's share of combined covered payroll.

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

Sec. 47. Minnesota Statutes 2006, section 490.121, subdivision 15a, is amended to read:

Subd. 15a. **Early retirement date.** "Early retirement date" means ~~the last day of the month~~ any date after a judge attains the age of 60 but before the judge reaches the normal retirement date.

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

Sec. 48. Minnesota Statutes 2006, section 490.121, subdivision 21f, is amended to read:

Subd. 21f. **Normal retirement date.** "Normal retirement date" means ~~the last day of the month in which date~~ a judge attains the age of 65.

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

Sec. 49. **REVISOR INSTRUCTION.**

The revisor of statutes shall replace references to section 356.55, which was repealed in 2002, with references to section 356.551, wherever they appear in Minnesota Statutes or Minnesota Rules. The revisor shall also make related grammatical changes.

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

Sec. 50. **REPEALER.**

Minnesota Statutes 2006, sections 353.30, subdivision 1; 353.34, subdivision 7; 353.69; 354.49, subdivision 5; and 356.90, are repealed.

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

### ARTICLE 3

#### MSRS-CORRECTIONAL PLAN MEMBERSHIP PROVISIONS

Section 1. Minnesota Statutes 2006, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are as follows: baker; central services administrative specialist, intermediate; central services administrative specialist, principal; chaplain; ~~chemical dependency counselor-supervisor~~; chief cook; cook; cook coordinator; corrections program therapist 1; corrections program therapist 2; corrections program therapist 3; corrections program therapist 4; corrections inmate program coordinator; corrections transitions program coordinator; corrections security caseworker; corrections security caseworker career; corrections teaching assistant; delivery van driver; dentist; electrician supervisor; ~~general maintenance worker~~; general repair worker; ~~laundry coordinator~~; library/information research services specialist; library/information research services specialist senior; library technician; ~~plant maintenance engineer lead~~; plumber supervisor; psychologist 1; psychologist 3; recreation therapist; recreation therapist coordinator; recreation

program assistant; recreation therapist senior; sports medicine specialist; ~~water treatment plant operator~~; work therapy assistant; work therapy program coordinator; and work therapy technician.

**EFFECTIVE DATE.** This section is effective the first day of the first payroll period following June 15, 2007.

Sec. 2. Minnesota Statutes 2006, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota extended treatment options program.** (a) "Covered correctional service" means service by a state employee in one of the employment positions with the Minnesota extended treatment options program specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with patients who are in the Minnesota extended treatment options program and if service in such a position is certified to the executive director by the commissioner of human services .

(b) The employment positions are:

- (1) behavior analyst 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;
- (6) human services support specialist;
- (7) ~~developmental disability~~ residential program lead;
- (8) psychologist 2;
- (9) recreation program assistant;
- (10) recreation therapist senior;
- (11) registered nurse senior;
- (12) skills development specialist;
- (13) social worker senior;
- (14) social worker specialist; and
- (15) speech pathology specialist.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 352.91, subdivision 3f, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota sex offender program if at least 75 percent of the employee's working time is spent in direct contact with patients and the



determination of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- ~~(4)~~ (6) client advocate;
- ~~(5)~~ (7) customer services specialist principal;
- (8) dental assistant registered;
- ~~(6)~~ (9) group supervisor;
- ~~(7)~~ (10) group supervisor assistant;
- ~~(8)~~ (11) human services support specialist;
- (12) licensed alcohol and drug counselor;
- (13) licensed practical nurse 1;
- ~~(9)~~ (14) management analyst 3;
- (15) occupational therapist;
- ~~(10)~~ (16) occupational therapist, senior;
- ~~(11)~~ office and administrative specialist senior;
- ~~(12)~~ (17) psychologist 1;
- ~~(13)~~ (18) psychologist 2;
- ~~(14)~~ (19) psychologist 3;
- ~~(15)~~ (20) recreation program assistant;
- ~~(16)~~ (21) recreation therapist lead;
- (22) recreation therapist senior;
- ~~(17)~~ (23) rehabilitation counselor senior;
- ~~(18)~~ (24) security supervisor;
- (25) skills development specialist;

- ~~(19)~~ (26) social worker senior;
- ~~(20)~~ (27) social worker specialist;
- ~~(21)~~ (28) social worker specialist, senior;
- ~~(22)~~ (29) special education program assistant;
- (30) speech pathology clinician;
- ~~(23)~~ (31) work therapy assistant; and
- ~~(24)~~ (32) work therapy program coordinator.

**EFFECTIVE DATE.** This section is effective the first day of the first payroll period following June 15, 2007.

Sec. 4. Minnesota Statutes 2006, section 352.91, subdivision 4b, is amended to read:

Subd. 4b. **Department of Corrections; procedure for coverage change considerations.** (a) The commissioner of corrections shall appoint a standing review committee to review and determine positions that should be included in legislative requests for correctional employees retirement plan coverage under subdivision 4a.

(b) Periodically, the Department of Corrections will convene meetings of the review committee. The review committee must review all requests and the supporting documentation for coverage by the correctional employees retirement plan and must determine which classes or positions meet the statutory requirements for coverage. The review committee also must determine if incumbents of and recent retirees from classes or positions determined for inclusion in correctional employees retirement plan coverage have prior Department of Corrections employment which also qualified as correctional service and which should be transferred from the general state employees retirement plan to the plan and the initial date for each potential service credit transfer.

(c) The review committee must evaluate and determine the eligibility date for initial plan participation and all periods of eligibility in the correctional employees retirement plan.

(d) The department must provide a notice of each determination and of the employee's right to appeal from the review committee to each employee who requested inclusion. Appeals must be filed with the agency human resource manager within 30 days of the date of the notice of determination.

~~(d)~~ (e) The commissioner of corrections shall appoint a standing appeals committee to hear appeals of determinations for coverage. The appeal committee must include relevant department employees and employee representatives. Appeal committee determinations are final.

~~(e)~~ (f) All positions approved for inclusion must be forwarded to the commissioner of corrections for the preparation of legislation to implement the coverage change and submission. The commissioner will submit a written recommendation documenting classes or positions that should or should not be covered by the correctional employees retirement plan. Documentation of each request and the final determination must be retained in the Department of Corrections' Office of Human Resource Management.

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

**Sec. 5. [352.955] TRANSFER OF PRIOR MSRS-GENERAL SERVICE CREDIT FOR CERTAIN EMPLOYEES WITH TRANSFERRED RETIREMENT COVERAGE.**

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

(b) An eligible employee is a person who is covered by section 6 or who became eligible for retirement coverage by the correctional state employees retirement plan of the Minnesota State Retirement System under Laws 2006, chapter 271, article 2, this article, or legislation implementing the recommendations under section 352.91, subdivision 4a.

(c) Eligible prior correctional employment is covered correctional service defined in section 6 or is employment by the Department of Corrections or by the Department of Human Services that preceded the effective date of the retirement coverage transfer under Laws 2006, chapter 271, article 2, this article, or legislation implementing the recommendations under section 352.91, subdivision 4a, is continuous service, and is certified by the commissioner of corrections and the commissioner of human services, whichever applies, and by the commissioner of employee relations to the executive director of the Minnesota State Retirement System as service that would qualify for correctional state employees retirement plan coverage under section 352.91, if the service was rendered after the date of coverage transfer.

(d) The election to transfer past service credit under this section must be made in writing by the applicable person on a form prescribed by the executive director of the Minnesota State Retirement System and must be filed with the executive director of the Minnesota State Retirement System on or before (1) January 1, 2008, or the one year anniversary of the coverage transfer, whichever is later, or (2) the date of the eligible employee's termination of state employment, whichever is earlier.

**Subd. 2. Payment of additional equivalent contributions; pre-July 1, 2007, coverage transfers.** (a) An eligible employee who was transferred to plan coverage before July 1, 2007, and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the difference between the member contribution rate or rates for the general state employees retirement plan of the Minnesota State Retirement System for the period of employment covered by the service credit to be transferred and the member contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent.

(b) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after January 1, 2008, or the date on which the eligible employee terminates state employment, whichever is earlier.

(c) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraphs (a) and (b), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the difference between the employer contribution rate or rates for the general state employees retirement plan for the period of employment covered by the service credit

to be transferred and the employer contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent.

(d) The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.

**Subd. 3. Payment of additional equivalent contributions; post-June 30, 2007, coverage transfers.** (a) An eligible employee who was transferred to plan coverage after June 30, 2007, and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is (1) the difference between the member contribution rate or rates for the general state employees retirement plan of the Minnesota State Retirement System for the period of employment covered by the service credit to be transferred and the member contribution rate or rates for the correctional state employees retirement plan for the most recent 12 month period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent, and (2) 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer. The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment under clause (1), and by the amount of the employer contribution equivalent payment under paragraph (c), clause (1).

(b) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after the one year anniversary date of the effective date of the retirement coverage transfer, or the date on which the eligible employee terminates state employment, whichever is earlier.

(c) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under subdivision 2, the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is (1) the difference between the employer contribution rate or rates for the general state employees retirement plan for the period of employment covered by the service credit to be transferred and the employer contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent, and (2) 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer calculated as provided in paragraph (a), clause (2).

(d) The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.

**Subd. 4. Transfer of assets.** Assets related to the transferred service credit of an eligible

employee must be transferred from the general state employees retirement fund to the correctional state employees retirement fund in an amount equal to the present value of benefits earned under the general state employees retirement plan by the eligible employee transferring past service to the correctional state employees retirement plan, as determined by the actuary retained under section 356.214, multiplied by the accrued liability funding ratio of the active members of the general state employees retirement plan as derived from the most recent actuarial valuation prepared under section 356.215. The transfer of assets must be made within 45 days after the coverage transfer election is made.

Subd. 5. **Effect of the asset transfer.** Upon the transfer of assets under subdivision 4, the service credit in the general state employees retirement plan of the Minnesota State Retirement System is forfeited and may not be reinstated. The transferred service credit and the transferred assets must be credited to the correctional state employees retirement plan and fund, respectively.

Subd. 6. **Cost of actuarial calculations.** The applicable department shall pay the cost of the actuarial calculations required by this section as billed by the executive director of the Minnesota State Retirement System.

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

Sec. 6. **COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.**

(a) An employee who has retirement coverage for past correctional service transferred to the correctional state employees retirement plan under paragraph (b) is entitled to elect to obtain prior service credit for eligible state service performed as a stores clerk after April 24, 1990, and before September 8, 1994, with the Department of Corrections. All eligible prior service credit must be purchased.

(b) "Covered correction service" means service between April 25, 1990, through September 7, 1994, as a stores clerk at the Minnesota Correctional Facility-St. Cloud.

(c) The commissioner of corrections shall certify the eligible state service as a stores clerk rendered by the employee to the executive director of the Minnesota State Retirement System.

(d) The covered correctional plan employee who has past service is entitled to purchase the past service under Minnesota Statutes, section 352.955, if the department certifies that the employee met the eligibility requirements for coverage.

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

#### ARTICLE 4

#### DISABILITY BENEFIT CHANGES

Section 1. Minnesota Statutes 2006, section 353.01, subdivision 37, is amended to read:

Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, clause (7), before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(1), as amended, but not to exceed age 66.

(b) "Normal retirement age" means age 55 for a person who is a member of a pension fund listed in section 356.30, subdivision 3, clauses (8) and (9).

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 41. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the actual performance of less frequent duties, either of which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 3. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 42. **Less frequent duties.** "Less frequent duties" means tasks which are designated in the applicant's job description as either required from time to time or as assigned, but which are not carried out as part of the normal routine of the applicant's job.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 4. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 43. **Line of duty death.** "Line of duty death" means a death that occurs while performing or as a direct result of performing normal or less frequent duties which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 5. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 44. **Normal duties.** "Normal duties" means specific tasks which are designated in the applicant's job description and which the applicant performs on a day-to-day basis, but do not include less frequent duties which may be requested to be done by the employer from time to time.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 6. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 45. **Not line of duty death.** For purposes of survivor benefits under the public employees police and fire plan, a "not line of duty death" is any death not specified under subdivision 43.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 7. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 46. **Regular disability.** "Regular disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire plan, and which results from a disease or an injury that arises from any activities while not at work, or while at work and performing those normal or less frequent duties that do not present inherent dangers that are specific to the occupations covered by the public employees police and fire plan.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 8. **[353.031] DISABILITY DETERMINATION PROCEDURES.**

Subdivision 1. **Application.** This section applies to all disability determinations for the public employees general fund, the public employees police and fire fund, and the local government correctional service retirement plan and any other disability determination subject to approval by the board, except as otherwise specified in section 353.33, 353.656, or 353E.05. These requirements and the requirements of section 353.03, subdivision 3, are in addition to the specific requirements of each plan and govern in the event there is any conflict between these sections and the procedures specific to any of those plans under section 353.33, 353.656, or 353E.06.

Subd. 2. **Plan document policy statement.** Disability determinations for the public employees general fund must be made subject to section 353.01, subdivision 19; and for the police and fire plan and the local government correctional service retirement plan must be made consistent with the legislative policy and intent set forth in section 353.63.

Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability benefit must be initiated in writing on an application form and in the manner prescribed by the executive director and filed with the executive director. An application for disability benefits must be made within 18 months following termination of public service as defined under section 353.01, subdivision 11a.

(b) All medical reports must support a finding that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service, as defined under section 353.01, subdivision 11a.

(c) An applicant for disability shall provide a detailed report signed by a licensed medical doctor and at least one additional report signed by a medical doctor, psychologist, or chiropractor. The applicant shall authorize the release of all medical and health care evidence, including all medical records and relevant information from any source, to support the application for initial, or the continuing payment of, disability benefits.

(d) All reports must contain an opinion regarding the claimant's prognosis, the duration of the disability, and the expectations for improvement. Any report that does not contain and support a finding that the disability will last for at least one year may not be relied upon to support eligibility for benefits.

(e) Where the medical evidence supports the expectation that at some point in time the claimant will no longer be disabled, any decision granting disability may provide for a termination date

upon which disability can be expected to no longer exist. In the event a termination date is made part of the decision granting benefits, prior to the actual termination of benefits, the claimant shall have the opportunity to show that the disabling condition for which benefits were initially granted continues. In the event the benefits terminate in accordance with the original decision, the claimant may petition for a review by the board of trustees under section 353.03, subdivision 3, or may reapply for disability in accordance with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

(f) Any claim to disability must be supported by a report from the employer indicating that there is no available work that the employee can perform in the employee's disabled condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the claimant. The employer shall also provide a certification of the member's past public service; the dates of any paid sick leave, vacation, or any other employer-paid salary continuation plan beyond the last working day; and whether or not any sick or annual leave has been allowed.

(g) An employee who is placed on leave of absence without compensation because of a disability is not barred from receiving a disability benefit.

(h) An applicant for disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for disability benefits. If the application for disability benefits is approved, the retirement annuity application is cancelled. If disability benefits are denied, the retirement annuity application must be processed upon the request of the applicant. No member of the public employees general plan, the public employees police and fire plan, or the local government correctional service retirement plan may receive a disability benefit and a retirement annuity simultaneously from the same plan.

**Subd. 4. Additional requirements to determine eligibility for police and fire or local government correctional service plan disability benefits.** (a) If an application for disability benefits is filed within two years of the date of the injury or the onset of the illness that gave rise to the disability application, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or the onset of the illness causing the disability. The employer must provide evidence indicating whether the applicant is able or unable to perform the duties of the position held on the date of the injury or onset of the illness causing the disability and the specifications of any duties that the individual can or cannot perform.

(b) If an application for disability benefits is filed more than two years after the date of injury or the onset of an illness causing the disability, the application must be supported by evidence that the applicant is unable to perform the most recent duties that are expected to be performed by the applicant during the 90 days before the filing of the application. The employer must provide evidence of the duties that are expected to be performed by the applicant during the 90 days before the filing of the application, whether the applicant can or cannot perform those duties overall, and the specifications of any duties that the applicant can or cannot perform.

(c) Any report supporting a claim to disability benefits under section 353.656 or 353E.06 must specifically relate the disability to its cause; and for any claim to duty disability from an injury or illness arising out of an act of duty, the report must relate the cause of disability to specific tasks



or functions required to be performed by the employee in fulfilling the employee's duty-related acts which must be specific to the inherent dangers of the positions eligible for membership in the police and fire fund and the local government correctional service retirement plan. Any report that does not relate the cause of disability to specific acts or functions performed by the employee may not be relied upon as evidence to support eligibility for benefits and may be disregarded in the executive director's decision-making process.

(d) Any application for duty disability must be supported by a first report of injury as defined in section 176.231.

(e) If a member who has applied for and been approved for disability benefits before the termination of service does not terminate service or is not placed on an authorized leave of absence as certified by the governmental subdivision within 45 days following the date on which the application is approved, the application shall be canceled. If an approved application for disability benefits has been canceled, a subsequent application for disability benefits may not be filed on the basis of the same medical condition for a minimum of one year from the date on which the previous application was canceled.

Subd. 5. **Medical adviser.** The executive director may contract with licensed physicians or physicians on the staff of the state commissioner of health, as designated by the commissioner, to be the medical adviser of the association. The medical adviser shall review all medical reports submitted to the association, including the findings of an independent medical examination requested under this section, and shall advise the executive director.

Subd. 6. **Independent medical examination.** Any individual applying for or receiving disability benefits must submit to an independent medical examination if requested by the executive director. The medical examination must be paid for by the association.

Subd. 7. **Refusal of examination or medical evidence.** If a person applying for or receiving a disability benefit refuses to submit to a medical examination under subdivision 6, or fails to provide or to authorize the release of medical evidence under subdivision 3, the association shall cease the application process or shall discontinue the payment of a disability benefit, whichever is applicable. Upon the receipt of the requested medical evidence, the association shall resume the application process or the payment of a disability benefit upon approval for the continuation, whichever is applicable.

Subd. 8. **Proof of continuing disability.** (a) A disability benefit payment must not be made except upon adequate proof furnished to the executive director of the association that the person remains disabled.

(b) During the time when disability benefits are being paid, the executive director of the association has the right, at reasonable times, to require the disabled member to submit proof of the continuance of the disability claimed.

(c) Adequate proof of a disability must include a written expert report by a licensed physician, a licensed chiropractor, or, with respect to a mental impairment, a licensed psychologist.

Subd. 9. **Application approval or denial; decision of executive director.** Any decision of the executive director is final, except that a member whose application for disability benefits or whose continuation of disability benefits is denied may appeal the executive director's decision to the board

of trustees within 60 days of receipt of a certified letter notifying the member of the decision to deny the application or continuation of benefits. In developing the record for review by the board when a decision is appealed, the executive director may direct that the applicant participate in a fact-finding session conducted by an administrative law judge assigned by the Office of Administrative Hearings, and, as applicable, a vocational assessment conducted by the qualified rehabilitation counselor on contract with the Public Employees Retirement Association.

Subd. 10. **Restoring forfeited service.** To restore forfeited service, a repayment of a refund must be made within six months after the effective date of disability benefits or within six months after the date of the filing of the disability application, whichever is later. No purchase of prior service or payment made in lieu of salary deductions otherwise authorized under section 353.01 may be made after the occurrence of the disability for which an application is filed under this section.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 9. Minnesota Statutes 2006, section 353.33, subdivision 1, is amended to read:

Subdivision 1. **Age, service, and salary requirements.** A coordinated member who has at least three years of allowable service and becomes totally and permanently disabled before normal retirement age, and a basic member who has at least three years of allowable service and who becomes totally and permanently disabled, upon application as defined under section 353.031, is entitled to a disability benefit in an amount determined under subdivision 3. If the disabled person's public service has terminated at any time, at least two of the required three years of allowable service must have been rendered after last becoming an active member. ~~A repayment of a refund must be made within six months after the effective date of disability benefits under subdivision 2 or within six months after the date of the filing of the disability application, whichever is later. No purchase of prior service and no payment made in lieu of salary deductions otherwise authorized under section 353.01, subdivision 16, may be made after the occurrence of the disability for which an application under this section is filed.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 10. Minnesota Statutes 2006, section 353.33, subdivision 2, is amended to read:

Subd. 2. ~~**Applications; Accrual of benefits.** Every claim or demand for a total and permanent disability benefit must be initiated by written application in the manner and form prescribed by the executive director showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership shall file application for total and permanent disability benefits within three years next following termination of public service. (a) This benefit begins to accrue the day following the commencement of disability, when the applicant is no longer receiving any form of compensation, whether salary or paid leave; 90 days preceding the filing of the application, or, if annual or sick leave or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave or, sick leave, or any other employer-paid salary continuation plan, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.~~

(b) Payment must not accrue beyond the end of the month in which entitlement has terminated.

If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 11. Minnesota Statutes 2006, section 353.33, subdivision 4, is amended to read:

Subd. 4. **Procedure to determine eligibility.** (a) ~~The applicant shall provide an expert report signed by a licensed physician, psychologist, or chiropractor and the applicant must authorize the release of medical and health care evidence, including all medical records and relevant information from any source, to support the application for total and permanent disability benefits. Eligibility for disability benefits must be determined following the procedures defined in section 353.031.~~

~~(b) The medical adviser shall verify the medical evidence and, if necessary for disability determination, suggest the referral of the applicant to specialized medical consultants.~~

~~(c) The association shall also obtain from the employer a certification of the member's past public service, the dates of any paid sick leave and vacation beyond the last working day and whether or not any sick leave or annual leave has been allowed.~~

~~(d) If, after following the procedures for determining eligibility for benefits under section 353.031, and upon consideration of the medical evidence received and the recommendations of the medical adviser, it is determined by the executive director that the applicant is totally and permanently disabled within the meaning of the law, the association shall grant the person a disability benefit.~~

~~(e) An employee who is placed on leave of absence without compensation because of a disability is not barred from receiving a disability benefit.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 12. Minnesota Statutes 2006, section 353.33, subdivision 6, is amended to read:

Subd. 6. **Continuing eligibility for benefits.** ~~The association shall determine eligibility for continuation of disability benefits and require periodic examinations and evaluations of disabled members as frequently as deemed necessary. The association shall require the disabled member to provide an expert report signed by a licensed physician, psychologist, or chiropractor and the disabled member shall authorize the release of medical and health care evidence, including all medical and health care records and information from any source, relating to an application for continuation of disability benefits. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation evaluation if the executive director determines that the disabled person may be able to return to a gainful occupation. If, after a review by the executive director under section 353.031, subdivision 8, a member is found to be no longer totally and permanently disabled, payments must cease the first of the month following the expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 13. Minnesota Statutes 2006, section 353.33, subdivision 7a, is amended to read:

Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public Employees Retirement Association general employees retirement plan.

(b) If, following a work or non-work-related injury or illness, a disabled member attempts to return to work for their previous public employer or attempts to return to a similar position with another public employer, on a full-time or less than full-time basis, the Public Employees Retirement Association shall continue paying the disability benefit for a period not to exceed six months. The disability benefit must continue in an amount that, when added to the subsequent employment earnings and workers' compensation benefit, does not exceed the salary at the date of disability or the salary currently paid for similar positions, whichever is higher.

~~(b)~~ (c) No deductions for the general employees retirement fund plan may be taken from the salary of a disabled person who is attempting to return to work under this provision unless the member waives further disability benefits.

~~(c)~~ (d) A member only may return to employment and continue disability benefit payments once while receiving disability benefits from a the general employees retirement plan administered by the Public Employees Retirement Association.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 14. Minnesota Statutes 2006, section 353.651, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age with at least three years of allowable service, upon the termination of public service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon the termination of public service, any police officer or firefighter and fire plan member who has become not specified in paragraph (a), upon attaining at least 50 years old and who has of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 15. Minnesota Statutes 2006, section 353.656, subdivision 1, is amended to read:

Subdivision 1. **~~In-line of Duty~~ disability; computation of benefits.** (a) A member of the police and fire plan who:

~~(1) has not met the requirements for a retirement annuity under section 353.651, subdivision 1, or~~

~~(2) has met the requirements for a retirement annuity under section 353.651, subdivision 1, but who does not have 20 years of credited service; and who becomes disabled and physically~~

~~unfit to perform duties as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform the duties as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year is determined to qualify for duty disability as defined in section 353.01, subdivision 41, shall receive disability benefits during the period of such disability.~~

~~(b) The benefits must be in an amount equal to 60 percent of the "average salary" as defined in section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.~~

~~(b) To be eligible for a benefit under paragraph (a), the member must have:~~

~~(1) not met the requirements for a retirement annuity under section 353.651, subdivision 1; or~~

~~(2) met the requirements under that subdivision, but does not have at least 20 years of allowable service credit.~~

~~(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.~~

~~(d) If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire plan, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.~~

~~**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.~~

Sec. 16. Minnesota Statutes 2006, section 353.656, is amended by adding a subdivision to read:

Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A member of the police and fire plan whose disabling condition is determined to be a duty disability that is also a permanent and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision 1 under this section upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) If a member approved for disability benefits under this subdivision dies before attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or within 60

months of the effective date of the disability, whichever is later, the surviving spouse is entitled to receive a survivor benefit under section 353.657, subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling condition for which disability benefits were approved, or section 353.657, subdivision 2, paragraph (a), clause (2) if the death is not directly related to the disabling condition for which benefits were approved under this subdivision.

(d) If the election of an actuarial equivalent optional annuity is not made at the time the permanent and total disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined under section 353.01, subdivision 37, paragraph (b) or having collected total and permanent disability benefits for 60 months, whichever is later. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c) applies.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 17. Minnesota Statutes 2006, section 353.656, subdivision 1a, is amended to read:

Subd. 1a 1b. **Optional annuity election.** (a) A disabled member of the police and fire fund may elect to receive the normal disability benefit or an actuarial equivalent optional annuity as provided in section 353.30, subdivision 3. If the election of an actuarial equivalent optional annuity may be made prior to before the commencement of payment of the disability benefit or as specified under subdivision 6a., the optional annuity shall must begin to accrue on the same date as provided for the disability benefit covering only the disabilitant would have accrued.

(b) If an election of an optional annuity is not made before the commencement of the disability benefit, the disabilitant may elect an optional annuity:

(1) within 90 days before normal retirement age;

(2) upon the filing of an application to convert to an early retirement annuity, if electing to convert to an early retirement annuity before the normal retirement age; or

(3) within 90 days before the expiration of the 60-month period for which a disability benefit is paid, if the disability benefit is payable because the disabled member did not have at least 20 years of allowable service at normal retirement age.

(c) If the person a disabled member who is not the spouse of the member is has named as beneficiary of the a joint and survivor optional annuity, beneficiary dies before the disability benefit ceases and is recalculated under subdivision 5a, the person is beneficiary eligible to receive the joint and survivor annuity only if the spouse, or may elect to have the disability application form prescribed by annuity converted at the executive director, permanently waives times designated in paragraph (b), clause (1), (2), or (3), whichever allows for the surviving spouse benefits under section 353.657, subdivisions 2 and 2a earliest payment of a higher joint and survivor annuity option resulting from recalculation under subdivision 5a, paragraph (e).

(d) A disabled member may name a person other than the spouse as beneficiary of a joint and survivor annuity only if the spouse of the disabled member refuses to permanently waive the waives surviving spouse coverage, the selection of a person other than the spouse of the member as a joint annuitant is invalid on the disability application form prescribed by the executive director.

~~(2)(e) If the spouse of the member permanently waives survivor coverage, the dependent child or children, if any, continue to be eligible for survivor dependent child benefits, including the minimum benefit under section 353.657, subdivision 3, and the designated optional annuity beneficiary may draw the monthly benefit; however, the amount payable to the dependent child or children and joint annuitant must not exceed the 70 percent maximum family benefit under section 353.657, subdivision 3. If the maximum is exceeded, the benefit of the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount.~~

~~(3) If the spouse is named as the beneficiary of the joint and survivor optional annuity, the spouse may draw the monthly benefit; however, the amount payable to the dependent child or children and the joint annuitant must not exceed the 70 percent maximum family benefit under section 353.657, subdivision 3. If the maximum is exceeded, each dependent child will receive ten percent of the member's specified average monthly salary, and the benefit to the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount. The joint and survivor optional annuity must be restored to the surviving spouse, plus applicable postretirement adjustments under section 356.41, as the dependent child or children become no longer dependent under section 353.01, subdivision 15.~~

~~(f) Any optional annuity under this subdivision, plus dependent child benefits, if applicable, are subject to the maximum and minimum family benefit amounts specified in section 353.657, subdivision 3a.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 18. Minnesota Statutes 2006, section 353.656, subdivision 3, is amended to read:

Subd. 3. ~~**Nonduty Regular disability benefit.**~~ (a) Any A member of the police and fire plan who:

~~(1) has not met the requirements for a retirement annuity under section 353.651, subdivision 1, or~~

~~(2) has met the requirements for a retirement annuity under section 353.651, subdivision 1, but who does not have 15 years of credited service; and who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, and by reason of that sickness or injury the member has been or is expected to be unable to perform the duties as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year, is entitled to~~ qualifies for a regular disability benefit as defined in section 353.01, subdivision 46, is entitled to receive a disability benefit, after filing a valid application, in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a.

~~(b) The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. To be eligible for a benefit under paragraph (a), the member must have at least one year of allowable service credit and have:~~

- (1) not met the requirements for a retirement annuity under section 353.651, subdivision 1, or
- (2) met the requirements under that subdivision, but does not have at least 15 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and, at the end of that period, is subject to provisions of subdivision 5a.

(d) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 19. Minnesota Statutes 2006, section 353.656, is amended by adding a subdivision to read:

Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a) A member of the police and fire plan whose disabling condition is determined to be a regular disability under section 353.01, subdivision 46 that is also a permanent and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for life, disability benefit in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 15 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3 under this section upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) A member approved for disability benefits under this subdivision may elect to receive a normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is not made at the time the total and permanent disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or having collected disability benefits for 60 months, whichever is later. No surviving spouse benefits are payable if the member dies during the period in which a normal total and permanent disability benefit is being paid. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c) applies.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 20. Minnesota Statutes 2006, section 353.656, subdivision 4, is amended to read:



Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to receive a disability benefit payment when there remains to the member's credit unused annual leave or, sick leave, or any other employer-provided salary continuation plan, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined in section 353.64, subdivision 10, whichever applies.

(b) If a disabled member resumes a gainful occupation with earnings that, when added to the normal disability benefit, and workers' compensation benefit if applicable, exceed the disability benefit, the amount of the disability benefit must be reduced as provided in this paragraph. The disability benefit is the greater of:

(1) the salary earned at the date of disability; or

(2) 125 percent of the base salary currently paid by the employing governmental subdivision for similar positions.

(c) The disability benefit must be reduced by one dollar for each three dollars by which the total amount of the current disability benefit, any workers' compensation benefits if applicable, and actual earnings exceed the greater disability benefit. In no event may the disability benefit as adjusted under this subdivision exceed the disability benefit originally allowed.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 21. Minnesota Statutes 2006, section 353.656, subdivision 5a, is amended to read:

Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the payment of ~~an in-line-of-duty or nonduty~~ any disability benefit the first of the month following the reinstatement of a member to full time or less than full-time service in a position covered by the police and fire fund.

(b) A disability benefit paid to a disabled member of the police and fire plan, that was granted under laws in effect after June 30, 2007, terminates at the end of the month in which the member:

(1) reaches normal retirement age;

(2) if the disability benefit is payable for a 60-month period as determined under subdivisions 1 and 3, as applicable, the first of the month following the expiration of the 60-month period; or

(3) if the disabled member so chooses, the end of the month in which the member has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

(c) If the police and fire member continues to be disabled when the disability benefit terminates under this subdivision, the member is deemed to be retired. The individual is entitled to receive a normal retirement annuity or an early retirement annuity under section 353.651, whichever is applicable, as further specified in paragraph (d) or (e). If the individual did not previously elect an optional annuity under subdivision 1a, paragraph (a), the individual may elect an optional annuity under subdivision 1a, paragraph (b).

(d) A member of the police and fire plan who is receiving a disability benefit under this section may, upon application, elect to receive an early retirement annuity under section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a retirement annuity no later

than the end of the month in which the disabled member attains normal retirement age. An early retirement annuity elected under this subdivision must be calculated on the disabled member's accrued years of service and average salary as defined in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

(e) When an individual's benefit is recalculated as a retirement annuity under this section, the annuity must be based on clause (1) or clause (2), whichever provides the greater amount:

(1) the benefit amount at the time of reclassification, including all prior adjustments provided under section 11A.18; or

(2) a benefit amount computed on the member's actual years of accrued allowable service credit and the law in effect at the time the disability benefit first accrued, plus any increases that would have applied since that date under section 11A.18.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 22. Minnesota Statutes 2006, section 353.656, subdivision 6a, is amended to read:

Subd. 6a. **Disability survivor benefits for pre-July 1, 2007, disabilitants.** (a) If a member who is receiving a disability benefit under subdivision 1 or 3:

(1) that was granted under the laws in effect before July 1, 2007, dies before attaining the normal retirement age required for receipt of a retirement annuity under section 353.651, subdivision 1 as defined under section 353.01, subdivision 37, paragraph (b), or within five years of the effective date of the disability, whichever is later, the surviving spouse shall receive a survivor benefit under section 353.657, subdivision 2, paragraph (a), clause (2); or 2a, unless the surviving spouse elected to receive a refund under section 353.32, subdivision 1. The joint and survivor optional annuity under subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the deceased member's allowable service, whichever is greater;

(2) (b) If the disability benefit was granted under the laws in effect before July 1, 2007, and the disabilitant is living at the age required for receipt of a retirement annuity under section 353.651, subdivision 1, or five years after the effective date of the disability, whichever is later, the disabled member may continue to receive a normal disability benefit, or the member may elect a joint and survivor optional annuity under section 353.30. The optional annuity is based on the minimum disability benefit under subdivision 1 or 3, or the member's allowable service, whichever is greater. The election of this joint and survivor annuity must occur within 90 days of the before attaining normal retirement age required for receipt of a retirement annuity under section 353.651, subdivision 1 as defined under section 353.01, subdivision 37, paragraph (b), or within 90 days before the five-year anniversary of the effective date of the disability benefit, whichever is later. The optional annuity takes effect the first of the month following the month in which the person attains the age required for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the five-year anniversary of the effective date of the disability benefit, whichever is later;

(3) (c) If any disabled member dies while receiving a benefit and has a dependent child or children under clause (1) or (2), the association shall grant a dependent child benefit under section 353.657, subdivision 3.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to survivor benefit

applicants where the application is based on the death of a public employee that occurred after June 30, 2007.

Sec. 23. Minnesota Statutes 2006, section 353.656, subdivision 8, is amended to read:

**Subd. 8. Application procedure to determine eligibility for police and fire plan disability benefits.** ~~(a) An application for disability benefits must be made in writing on a form or forms prescribed by the executive director.~~

~~(b) If an application for disability benefits is filed within two years of the date of the injury or the onset of the illness that gave rise to the disability application, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or the onset of the illness causing the disability. The employer must provide evidence indicating whether the applicant is able or unable to perform the duties of the position held on the date of the injury or onset of illness causing the disability and the specifications of any duties that the individual can or cannot perform.~~

~~(c) If an application for disability benefits is filed more than two years after the date of the injury or the onset of an illness causing the disability, the application must be supported by evidence that the applicant is unable to perform the most recent duties that are expected to be performed by the applicant during the 90 days before the filing of the application. The employer must provide evidence of the duties that are expected to be performed by the applicant during the 90 days before the filing of the application, whether the applicant can or cannot perform those duties overall, and the specifications of any duties that the applicant can or cannot perform.~~

~~(d) Unless otherwise permitted by law, no application for disability benefits can be filed by a former member of the police and fire plan more than three years after the former member has terminated from Public Employees Retirement Association police and fire plan covered employment. If an application is filed within three years after the termination of public employment, the former member must provide evidence that the disability is the direct result of an injury or the contracting of an illness that occurred while the person was still actively employed and participating in the police and fire plan.~~

~~(e) Any application for duty-related disability must be supported by a first report of injury as defined in section 176.231.~~

~~(f) If a member who has applied for and been approved for disability benefits before the termination of service does not terminate service or is not placed on an authorized leave of absence as certified by the governmental subdivision within 45 days following the date on which the application is approved, the application shall be canceled. If an approved application for disability benefits has been canceled, a subsequent application for disability benefits may not be filed on the basis of the same medical condition for a minimum of one year from the date on which the previous application was canceled.~~

~~(g) An applicant may file a retirement application under section 353.29, subdivision 4, at the same time as the disability application is filed. If the disability application is approved, the retirement application is canceled. If the disability application is denied, the retirement application must be initiated and processed upon the request of the applicant. A police and fire fund member may not receive a disability benefit and a retirement annuity from the police and fire fund at the same time.~~

~~(h) A repayment of a refund must be made within six months after the effective date of disability benefits or within six months after the date of the filing of the disability application, whichever is later. No purchase of prior service or payment made in lieu of salary deductions otherwise authorized under section 353.01 may be made after the occurrence of the disability for which an application is filed under this section.~~

The application procedures to determine eligibility for police and fire plan disability benefits are defined under section 353.031.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 24. Minnesota Statutes 2006, section 353.656, subdivision 10, is amended to read:

Subd. 10. **Accrual of benefits.** (a) Except for a total and permanent disability under subdivision 1a, a disability benefit begins to accrue the day following the commencement of disability, when the applicant is no longer receiving any form of compensation, whether salary or paid leave 90 days preceding the filing of an application; or, if annual or sick leave, or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date on which the payment of salary ceased, whichever is later. Except for a total and permanent disability under subdivision 1a, no member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave, sick leave, or any other employer-paid salary continuation benefit, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(b) Payment of the disability benefit must not continue beyond the end of the month in which entitlement has terminated. If the disability terminates prior to negotiating the check for the month in which death occurs, payment must be made to the surviving spouse or, if none, to the designated beneficiary or, if none, to the estate.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 25. Minnesota Statutes 2006, section 353.656, is amended by adding a subdivision to read:

Subd. 13. **Chemical dependency limitations to disability benefit eligibility.** (a) No benefits are payable for any disability resulting in whole or in part from the member's current use of illegal drugs. This exclusion does not apply to a member who:

(1) has successfully completed a supervised drug rehabilitation program or has otherwise been rehabilitated successfully and is no longer engaging in such use; or

(2) is participating in a supervised rehabilitation program and is no longer engaging in such use.

(b) "Illegal use of drugs" means the use of drugs, the possession or distribution of which is unlawful under United States Code, title 21, section 801. "Illegal use of drugs" does not include the use of a drug taken under the supervision of a licensed health care professional, or other uses authorized by United States Code, title 21, or other provisions of law.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 26. Minnesota Statutes 2006, section 353.657, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund dies from

any cause before retirement or ~~after~~ before becoming disabled and receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, ~~and who was married to the member for a period of at least one year, except that if death occurs in the line of duty no time limit is required~~ and to a dependent child or children, as defined in section 353.01, subdivision 15, except that if the death is not a line of duty death, the member must have accrued at least three years of credited service.

~~For purposes of this section, line of duty also includes active military service, as defined in section 190.05, subdivision 5. The association shall also grant survivor benefits to a dependent child or children, as defined in section 353.01, subdivision 15.~~

(b) Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The spouse and child or children are entitled to monthly benefits as provided in ~~the following~~ subdivisions 2 to 4.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to survivor benefit applicants where the application is based on the death of a public employee that occurred after June 30, 2007.

Sec. 27. Minnesota Statutes 2006, section 353.657, subdivision 2, is amended to read:

Subd. 2. **Benefit amount.** (a) The spouse, ~~for life,~~ of a deceased member ~~shall~~ is entitled to receive receive a monthly benefit for life equal to ~~50 percent~~ the following percentage of the member's average full-time monthly salary rate as a member of the police officer or firefighter and fire plan in effect over the last six months of allowable service preceding the month in which death occurred:

(1) if the death was a line of duty death, 60 percent of the stated average salary is payable; and

(2) if the death was not a line of duty death or if death occurred while receiving disability benefits that accrued before July 1, 2007, 50 percent of the stated average salary is payable.

(b) If the member was a part-time employee in the position for which the employee qualified for participation in the police officer or firefighter and fire plan, the monthly survivor benefit is based on the salary rate in effect for that member's part-time service during the last six months of allowable service. If the member's status changed from full time to part time for health reasons during the last year of employment, the monthly survivor benefit is based on the full-time salary rate of a the position held as a member of the police officer or firefighter and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to survivor benefit applicants where the application is based on the death of a public employee that occurred after June 30, 2007.

Sec. 28. Minnesota Statutes 2006, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and has credit for not less than three years allowable service or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. ~~If there is a dependent child or children, and the 100 percent joint and survivor optional annuity for the surviving spouse, when added to the benefit of the dependent child or children under subdivision 3, exceeds an amount equal to 70 percent of the member's specified average monthly salary, the 100 percent joint and survivor annuity must be reduced by the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount under subdivision 3. The 100 percent joint and survivor optional annuity must be restored to the surviving spouse, plus applicable postretirement fund adjustments under section 356.41, as the dependent child or children become no longer dependent under section 353.01, subdivision 15.~~

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) ~~No payment shall accrue~~ accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

(f) Any member may request in writing that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 29. Minnesota Statutes 2006, section 353.657, subdivision 3, is amended to read:

Subd. 3. **Dependent children.** A dependent child, as defined in section 353.01, subdivision 15, ~~shall~~ is entitled to receive a monthly benefit equal to ten percent of the member's average full-time monthly salary rate as a member of the police officer or firefighter and fire plan in effect over the last six months of allowable service preceding the month in which death occurred. Payments for the benefit of a dependent child must be made to the surviving parent, or to the legal guardian of the child or to any adult person with whom the child may at the time be living, provided only that the parent or other person to whom any amount is to be paid advises the board in writing that the amount will be held or used in trust for the benefit of the child.

Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly benefit for one per family must not exceed an amount equal to the following percentages of the member's average monthly salary as specified in subdivision 3:

(1) 80 percent, if the member's death was a line of duty death; or

(2) 70 percent of the member's specified average monthly salary, and, if the member's death was not a line of duty death or occurred while the member was receiving a disability benefit that accrued before July 1, 2007.

(b) The minimum monthly benefit per family, including the joint and survivor optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be less than the following percentage of the member's average monthly salary as specified in subdivision 3:

(1) 60 percent, if the death was a line of duty death; or

(2) 50 percent of the member's specified average monthly salary, if the death was not a line of duty death or occurred while the member was receiving a disability benefit that accrued before July 1, 2007.

(c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the applicable maximum. The joint and survivor optional annuity must be restored, plus applicable postretirement adjustments under section 356.41, as the dependent child or children become no longer dependent under section 353.01, subdivision 15.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 30. Minnesota Statutes 2006, section 353B.08, subdivision 11, is amended to read:

Subd. 11. **Subsequent medical reexaminations.** Periodically, upon the recommendation of the medical adviser appointed as provided in section 353.33, ~~subdivision 6a~~ 353.031, based on the medical nature of the initial qualifying disability and its potential for improvement or recovery, the executive director of the Public Employees Retirement Association shall have a former member of a consolidating relief association who is receiving a disability benefit reexamined and reevaluated for continued entitlement to a disability benefit. If, upon the recommendation of the medical adviser, the executive director determines that the person is no longer entitled to receive a disability benefit, the disability benefit shall be discontinued effective as of the first day of the second month following that determination and the person shall be considered for reemployment as a police officer or a firefighter, whichever applies, by the municipality in which the consolidating relief association was located.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 31. **[353E.001] DEFINITIONS.**

Subdivision 1. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of a local government correctional service employee as defined under section 353E.02 and that is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the actual performance of less frequent duties, either of which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the local government correctional service retirement plan.

Subd. 2. **Less frequent duties.** "Less frequent duties" means tasks designated in the applicant's job description as either required from time to time or as assigned, but which are not carried out as part of the normal routine of the applicant's job.

Subd. 3. **Normal duties.** "Normal duties" means specific tasks designated in the applicant's job description and which the applicant performs on a day-to-day basis, but do not include less frequent duties which may be requested to be done by the employer from time to time.

Subd. 4. **Regular disability.** "Regular disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of a local government correctional service employee as defined under section 353E.02 and that results from a disease or an injury that arises from any activities while not at work or while at work from performing those normal or less frequent duties that do not present inherent dangers that are specific to the occupations covered by the local government correctional service retirement plan.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 32. Minnesota Statutes 2006, section 353E.06, subdivision 1, is amended to read:

Subdivision 1. **Duty disability qualification requirements.** ~~A local government correctional employee who becomes disabled and physically or mentally unfit to perform the duties of the position as a direct result of an injury, sickness, or other disability that is medically determinable, that was incurred in or arose out of any act of duty, and that renders the employee physically or mentally unable to perform the employee's duties is determined to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to a disability benefit. The disability benefit must be based on covered service under this chapter only and is an amount equal to 47.5 percent of the average salary defined in section 353E.04, subdivision 2, plus an additional percent equal to that specified in section 356.315, subdivision 5a, for each year of covered service under this chapter in excess of 25 years.~~

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 33. Minnesota Statutes 2006, section 353E.06, subdivision 2, is amended to read:

Subd. 2. ~~Nonduty~~ **Regular disability qualification requirements.** A local government



correctional employee who has at least one year of covered service under this chapter and ~~becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury that is medically determinable and that occurs while not engaged in covered employment,~~ who is determined to qualify for a regular disability benefit as defined in section 353E.001, subdivision 4, is entitled to a disability benefit based on covered service under this chapter. The disability benefit must be computed in the same manner as an annuity under section 353E.04, subdivision 3, and as though the employee had at least ten years of covered correctional service.

**EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 34. Minnesota Statutes 2006, section 353E.06, subdivision 4, is amended to read:

Subd. 4. **Disability benefit application; accrual of benefits.** ~~A claim or demand for a disability benefit must be initiated by written application in the manner and form prescribed by the executive director, filed in the office of the association, showing compliance with the statutory conditions qualifying the applicant for a disability benefit. A member or former member who became disabled during a period of membership may file an application for disability benefits within three years following termination of local government correctional service, but not after that time has elapsed.~~ (a) Procedures for the application process and determining eligibility for disability benefits are defined in section 353.031.

(b) The disability benefit begins to accrue the day following the commencement of disability, when the applicant is no longer receiving any form of compensation, whether salary or paid leave; 90 days preceding the filing of the application, or, if annual or sick leave, or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date salary ceased, whichever is latest. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave, sick leave, or any other employer-paid salary continuation benefits or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(c) No payment may accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies before negotiating the check for the month in which death occurs, payment must be made to the optional annuitant or beneficiary.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 35. Minnesota Statutes 2006, section 353E.06, subdivision 8, is amended to read:

Subd. 8. **Continuing benefit eligibility.** Continuing eligibility for a disability benefit is subject to section 353.33, ~~subdivision 6~~ 353.031, subdivision 8.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 36. **REPEALER.**

Minnesota Statutes 2006, sections 353.33, subdivisions 6a, 6b, and 8; and 353.656, subdivisions 5, 9, 11, and 12, are repealed.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

## ARTICLE 5

### HEALTH CARE FACILITY PRIVATIZATIONS

Section 1. Minnesota Statutes 2006, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) the City of Cannon Falls Hospital;
- (3) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- (4) the Dassel Lakeside Community Home;
- (5) the Fair Oaks Lodge, Wadena;
- (6) the Glencoe Area Health Center;
- (7) the Hutchinson Area Health Care;
- (8) the Kanabec Hospital;
- (9) the Lakefield Nursing Home;
- (10) the Lakeview Nursing Home in Gaylord;
- (11) the Luverne Public Hospital;
- ~~(10)~~ (12) the Northfield Hospital;
- (13) the Oakland Park Nursing Home;
- ~~(11)~~ (14) the RenVilla Nursing Home;
- ~~(12)~~ (15) the Renville County Hospital in Olivia;
- ~~(13)~~ (16) the St. Peter Community Healthcare Center; and
- ~~(14)~~ (17) the Waconia-Ridgeview Medical Center.

**EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon the latter of:

- (1) for the Lakefield Nursing Home:
  - (i) the day after the governing body of the city of Lakefield and its chief clerical officer timely comply with section 645.021, subdivisions 2 and 3; and
  - (ii) the first day of the month next following certification to the Lakefield City Council by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Lakefield Nursing Home employees under this section does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization, and the date of the actuarial calculations

must be within one year of the date the Lakefield Nursing Home is sold or leased;

(2) for the Lakeview Nursing Home in Gaylord:

(i) the day after the governing body of the city of Gaylord and its chief clerical officer timely comply with section 645.021, subdivisions 2 and 3; and

(ii) the first day of the month next following certification to the Gaylord City Council by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Lakeview Nursing Home employees under this section does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization, and the date of the actuarial calculations must be within one year of the date the Lakeview Nursing Home is sold or leased; and

(3) for the Oakland Park Nursing Home:

(i) the day after the governing body of Pennington County and its chief clerical officer timely comply with section 645.021, subdivisions 2 and 3; and

(ii) the first day of the month next following certification to Pennington County by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Oakland Park Nursing Home employees under this section does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization, and the date of the actuarial calculations must be within one year of the date the Oakland Park Nursing Home is sold or leased.

Sec. 2. Minnesota Statutes 2006, section 353F.04, subdivision 1, is amended to read:

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a terminated medical facility or other public employing unit employee is subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of augmentation is as specified in paragraph (b) or (c), whichever is applicable.

(b) This paragraph applies if the legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area Health Care or before January 1, 2007, for all other medical facilities and all other employing units. For a terminated medical facility or other public employing unit employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.

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

**ARTICLE 6****STATEWIDE RETIREMENT PLAN APPEALS PROCESS**

Section 1. Minnesota Statutes 2006, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers of the board.** (a) The board shall elect a president and vice-president. The board shall approve the staffing complement necessary to administer the fund. The cost of administering this chapter must be paid by the fund.

(b) The board shall adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure. It shall adopt, alter, and enforce reasonable rules consistent with the laws of the state for the administration and management of the fund, for the payment and collection of payments from members, and for the payment of withdrawals and benefits. It shall pass upon and allow or disallow all applications for membership in the fund and shall allow or disallow claims for withdrawals, pensions, or benefits payable from the fund. It shall adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary, with interest set at the rate specified in section 356.215, subdivision 8. It shall provide for the payment out of the fund of all necessary expenses for the administration of the fund and of all claims for withdrawals, pensions, or benefits allowed. The board shall approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a.

(c) In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the fund, as a condition precedent to the passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine their validity and merit. ~~The board shall establish procedures to assure that a benefit applicant and recipient may have a review of a benefit eligibility or benefit amount determination affecting the applicant or recipient. The review procedure may afford the benefit applicant or benefit recipient an opportunity to present views at any review proceeding conducted, but is not a contested case under chapter 14.~~

(d) The board may continue to authorize the sale of life insurance to members under the insurance program in effect on January 1, 1985, but must not change that program without the approval of the commissioner of finance. The association shall not receive any financial benefit from the life insurance program beyond the amount necessary to reimburse the association for costs incurred in administering the program. The association shall not engage directly or indirectly in any other activity involving the sale or promotion of goods or services, or both, whether to members or nonmembers.

(e) The board shall establish procedures governing reimbursement of expenses to board members. These procedures shall define the types of activities and expenses that qualify for reimbursement, shall provide that all out-of-state travel must be authorized by the board, and shall provide for independent verification of claims for expense reimbursement. The procedures must comply with applicable rules and policies of the Department of Finance, the Department of Administration, and the Department of Employee Relations.

(f) The board may purchase fiduciary liability insurance and official bonds for the officers and members of the board of trustees and employees of the association and may purchase property

insurance or may establish a self-insurance risk reserve including, but not limited to, data processing insurance and "extra-expense" coverage.

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

**Sec. 2. [356.95] PENSION PLAN APPEAL PROCEDURES.**

**Subdivision 1. Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in paragraphs (b) to (e) have the meanings given them.

(b) "Chief administrative officer" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), (10), and (12) to (14), but does not mean the deferred compensation plan administered under sections 352.96 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" includes an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or a state agency or other governmental unit that employs active participants in a covered pension plan.

**Subd. 2. Right to review.** A determination made by the administration of a covered pension plan regarding a person's eligibility, benefits, or other rights under the plan with which the person does not agree is subject to review under this section.

**Subd. 3. Notice of determination.** If the applicable chief administrative officer denies an application or a written request, modifies a benefit, or terminates a benefit of a person claiming a right or potential rights under a covered pension plan, the chief administrative officer shall notify that person through a written notice containing:

(1) a statement of the reasons for the determination;

(2) a notice that the person may petition the governing board of the covered pension plan for a review of the determination and that a person's petition for review must be filed in the administrative office of the covered pension plan within 60 days of the receipt of the written notice of the determination;

(3) a statement indicating that a failure to petition for review within 60 days precludes the person from contesting in any other administrative review or court procedure the issues determined by the chief administrative officer;

(4) a statement indicating that all relevant materials, documents, affidavits, and other records that the person wishes to be reviewed in support of the petition must be filed with and received in the administrative office of the covered pension plan at least 30 days before the date of the hearing under subdivision 10; and

(5) a copy of this section.

Subd. 4. **Termination of benefits.** (a) If a covered pension plan decides to terminate a benefit that is being paid to a person, before terminating the benefit, the chief administrative officer must, in addition to the other procedures prescribed in this section, provide the individual with written notice of the pending benefit termination by certified mail. The notice must explain the reason for the pending benefit termination. The person must be given an opportunity to explain, in writing, in person, by telephone, or by e-mail, the reasons that the benefit should not be terminated.

(b) If the chief administrative officer is unable to contact the person and determines that a failure to terminate the benefit will result in unauthorized payment by a covered pension plan, the chief administrative officer may terminate the benefit immediately upon mailing a written notice containing the information required by subdivision 3 to the address to which the most recent benefit payment was sent and, if that address is that of a financial institution, to the last known address of the person.

Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2 may petition for a review of that decision by the governing board of the covered pension plan.

(b) A petition under this section must be sent to the chief administrative officer by mail and must be postmarked no later than 60 days after the person received the notice required by subdivision 3. The petition must include the person's statement of the reason or reasons that the person believes the decision of the chief administrative officer should be reversed or modified. The petition may include all documentation and written materials that the petitioner deems to be relevant.

Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not filed with the chief administrative officer, the covered pension plan's determination is final and is not subject to further administrative or judicial review.

Subd. 7. **Notice of hearing.** (a) After receiving a petition, and not less than 30 calendar days from the date of the next regular board meeting, the chief administrative officer must schedule a timely review of the petition before the governing board of the covered pension plan. The review must be scheduled to take into consideration any necessary accommodations to allow the petitioner to participate in the governing board's review.

(b) Not less than 15 calendar days before the scheduled hearing date, the chief administrative officer must provide by mail to the petitioner an acknowledgment of the receipt of the person's petition and a follow-up notice of the time and place of the meeting at which the governing board is scheduled to consider the petition and must provide a copy of all relevant documents, evidence, summaries, and recommendations assembled by or on behalf of the plan administration to be considered by the governing board.

(c) Except as provided in subdivision 8, paragraph (c), all documents and materials that the petitioner wishes to be part of the record for review must be filed with the chief administrative officer and must be received in the offices of the covered pension plan at least 30 days before the date of the meeting at which the petition is scheduled to be heard.

(d) A petitioner, within ten calendar days of the scheduled date of the applicable board meeting, may request a continuance on a scheduled petition. The chief administrative officer must reschedule the review within 60 days of the date of the continuance request. Only one continuance may be

granted to any petitioner.

Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and affidavits in the possession of the covered pension plan of which the covered pension plan desires to avail itself and be considered by the governing board, and all evidence which the petitioner wishes to present to the governing board, including any evidence which would otherwise be classified by law as "private," must be made part of the hearing record.

(b) Not later than seven days before the scheduled hearing date, the chief administrative officer must provide a copy of the record to each member of the governing board.

(c) At least five days before the hearing, the petitioner may submit to the chief administrative officer, for submission to the governing board, any additional document, affidavit, or other relevant information that was not initially submitted with the petition.

Subd. 9. **Amended determination.** At any time before the hearing before the governing board, for good cause shown and made part of the records of the plan, the chief administrative officer may reverse, alter, amend, or modify the prior decision which is subject to review under this section by issuing an amended decision. Upon doing so, the chief administrative officer may cancel the governing board's scheduled review of the person's petition and shall so notify the petitioner.

Subd. 10. **Hearing.** (a) The governing board shall hold a timely hearing on a petition for review as part of a regularly scheduled board meeting, or as part of a special meeting if so scheduled. All governing board members who participate in the decision-making process must be familiar with the record. The governing board shall make its decision on a petition solely on the record as submitted and on the proceedings of the hearing. At the hearing, the petitioner, the petitioner's attorney, and the chief administrative officer may state and discuss with the governing board their positions with respect to the petition. The governing board may allow further documentation to be placed in the record at the board meeting only with the agreement of both the chief administrative officer and the petitioner. The chief administrative officer may not otherwise participate in the board's decision-making process.

(b) When a petition presents a contested issue of law, an assistant attorney general may participate and may argue on behalf of the legal position taken by the chief administrative officer if that assistant attorney general does not also serve as the governing board's legal advisor during the board's decision-making process.

(c) A motion by a board member, supported by a summary of the relevant facts, conclusions and reasons, as properly amended and approved by a majority of the governing board, constitutes the board's final decision. A verbatim statement of the board's final decision must be served upon the petitioner. If the decision is contrary to the petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set forth in subdivision 13.

(d) If a petitioner who received timely notice of a scheduled hearing fails to appear, the governing board may nevertheless hear the petition and issue a decision.

Subd. 11. **Disability medical issues.** (a) If a person petitions the governing board to reverse or modify a determination which found that there exists no medical data supporting an application for disability benefits, the board may reverse that determination only if there is in fact medical evidence supporting the application. The board has the discretion to resubmit a disability benefit application at

any time to a medical advisor for reconsideration, and the resubmission may include an instruction that further medical examinations be obtained.

(b) The governing board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical evidence contrary to the opinion of the medical advisor in the record and the medical advisor attests that the decision was made in accordance with the applicable disability standard, the board must follow the decision of the medical advisor regarding the cause of the disability.

(c) The obligation of the governing board to follow the decision of the medical advisor under paragraph (b) does not apply to instances when the governing board makes a determination different from the recommendation of the medical advisor on issues that do not involve medical issues.

Subd. 12. **Referral for administrative hearing.** (a) Notwithstanding any provision of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of the chief administrative officer of a covered pension plan must be conducted exclusively under the procedures set forth in this section and is not a contested case under chapter 14.

(b) Notwithstanding the provisions of paragraph (a), a governing board, in its sole discretion, may refer a petition brought under this section to the Office of Administrative Hearings for a contested case hearing under sections 14.57 to 14.69.

Subd. 13. **Appeal of the governing board's decision; judicial review.** Within 60 days of the date of the mailing of the notice of the governing board's decision, the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the 60-day period precludes the person from later raising, in any subsequent administrative hearing or court proceeding, those substantive and procedural issues that reasonably should have been raised upon a timely appeal.

Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and requirements under this section, a person who believes that the person's rights have been affected by a decision made by the administration of a covered pension plan may request a review under this section by the appropriate governing board. The petition under this subdivision must be made within 45 days of the time that the person knew or should have known of the disputed decision.

Subd. 15. **Governing board review panel.** Any covered pension plan subject to this section, by motion duly made and adopted, may appoint a panel of governing board members to hear and determine any or all petitions brought under this section. The governing board review panel must contain a minimum number of board members that would otherwise constitute a quorum of board members under the governing body's rules and procedures.

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

Sec. 3. **REPEALER.**

Minnesota Statutes 2006, sections 352.031; and 354.071, are repealed.

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



**ARTICLE 7**  
**FIRST CLASS CITY TEACHER**  
**RETIREMENT FUND ASSOCIATION CHANGES**

Section 1. Minnesota Statutes 2006, section 354A.29, subdivision 3, is amended to read:

Subd. 3. **Postretirement adjustment eligibility.** (a) The postretirement adjustment described in the articles and bylaws of the St. Paul Teachers Retirement Fund Association must be determined by the executive director and approved by the board annually after June 30 using the procedures under this section.

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

Sec. 2. Minnesota Statutes 2006, section 354A.29, subdivision 4, is amended to read:

Subd. 4. ~~Additional investment percentage~~ **Cost-of-living adjustment.** (a) ~~An excess investment earnings A percentage adjustment must be computed and paid under this subdivision to those annuitants and eligible benefit recipients who have been receiving an annuity or benefit for at least 12 months as determined each June 30 by the board of trustees~~ eligible persons as defined under subdivision 3. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of the cost-of-living adjustment under paragraph (b), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

~~(b) The board shall also determine the five-year annualized rate of return attributable to the assets of the St. Paul Teachers Retirement Fund Association under the formula specified in section 11A.04, clause (11), and the amount of the excess five-year annualized rate of return over the preretirement interest assumption specified in section 356.215.~~

~~(c) The excess investment percentage adjustment must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained under sections 356.214 and 356.215, by the rate of return excess as determined in paragraph (b).~~

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

(b) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent. The final amount may not be negative and may not exceed 5.0 percent.

(c) The amount calculated under paragraph (b) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member under subdivision 3 on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

Sec. 3. Minnesota Statutes 2006, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis Employees Retirement Fund ~~and~~ the Public Employees Retirement Association general plan, and the St. Paul Teachers Retirement Fund Association, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis Employees Retirement Fund and the Public Employees Retirement Association general plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

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

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed

to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

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

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

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

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

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

(d) For the Minneapolis Employees Retirement Fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2038. In addition to other requirements of this chapter, the annual actuarial valuation shall contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

(h) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an

amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 4. **REPEALER.**

Minnesota Statutes 2006, sections 354A.12, subdivision 3d; and 354A.29, subdivision 6, are repealed.

**ARTICLE 8**

**MINNEAPOLIS EMPLOYEES RETIREMENT FUND**

**LIQUIDITY CHANGES**

Section 1. Minnesota Statutes 2006, section 422A.01, subdivision 13a, is amended to read:

Subd. 13a. **Covered salary.** (a) "Salary" is subject to the limitations of section 356.611.

(b) "Salary" also includes the contributions to a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), for an employee who is covered by a supplemental retirement plan which requires that all plan contributions be made by the person's employer from mandatory withholdings from the employee's wages.

Sec. 2. Minnesota Statutes 2006, section 422A.05, subdivision 2c, is amended to read:

Subd. 2c. **Minneapolis Employees Retirement Fund investment authority.** (a) For investments made on or after July 1, 1991, the board shall invest funds only in investments authorized by section 356A.06, subdivision 7.

(b) However, in addition to real estate investments authorized under paragraph (a), the board may also make loans to purchasers of Minnesota situs nonfarm residential real estate that is owned by the Minneapolis Employees Retirement Fund. The loans must be secured by mortgages or deeds of trust.

(c) For investments made before July 1, 1991, the board may, but is not required to, comply with paragraph (a). However, with respect to these investments, the board shall act in accordance with subdivision 2a and chapter 356A.

(d) The board may certify assets for investment by the State Board of Investment under section 11A.17. Alternatively or in addition, the board may certify assets for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

Sec. 3. Minnesota Statutes 2006, section 422A.06, subdivision 3, is amended to read:

Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists of the assets held in the fund, including amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state, and by income from investments.

(b) There must be paid from the fund the amounts required to be transferred to the retirement benefit fund, or the disability benefit fund, refunds of contributions, including the death-while-active

refund specified in section 422A.22, subdivision 4, postretirement increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969, chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement board against the income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

(c) To the extent that the deposit accumulation fund has insufficient assets to transfer the total value of the required reserves for retirement annuities to either the disability benefit fund under subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required, the deposit accumulation fund has a transfer amount payable on which an interest charge accrues. The executive director must determine the interest charge for the period that the transfer amount payable remains unpaid at an annual rate equal to five percent plus the percentage increase in the amount of the annual Consumer Price Index for urban wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the United States Department of Labor from the previous June 30. The interest charge must be reflected in the books of the Minneapolis Employees Retirement Fund and assessed against the deposit accumulation fund based on the average quarterly transfer amount payable balance outstanding. Any revenue received by the deposit accumulation fund subsequent to unpaid transfers must be transferred from the deposit accumulation fund to the disability benefit fund or to the retirement fund, whichever applies, and must first be applied to any remaining interest charge and then must be applied to the principal amount of transfer amount payable outstanding.

Sec. 4. Minnesota Statutes 2006, section 422A.06, subdivision 5, is amended to read:

**Subd. 5. Transfer of reserves to retirement benefit fund; adjustments of annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities as determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the postretirement interest assumption specified in section 356.215, subdivision 8, ~~shall~~ must be transferred to the disability benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) To the extent that the deposit accumulation fund has insufficient assets to cover a full required transfer amount, the applicable fund must be credited with an interest-bearing transfer amount payable.

(c) Annuity payments shall must be adjusted in accordance with this chapter, except that no minimum retirement payments described in this chapter ~~shall~~ must include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

~~(e)~~ (d) Increases in annuity payments pursuant to under this section shall be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase not be made.

~~(d)~~ (e) Any additional annuity which began to accrue on July 1, 1973, or which began to accrue on January 1, 1974, pursuant to under Laws 1973, chapter 770, section 1, ~~shall~~ must be considered as part of the base amount to be used in determining any postretirement adjustments payable pursuant to under the provisions of subdivision 8.

Sec. 5. Minnesota Statutes 2006, section 422A.06, subdivision 7, is amended to read:

Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established, containing the required reserves for disability allowances under this chapter. A proportionate share of income from investments must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. ~~There must be paid from this fund~~ The disability allowances payable under this chapter must be paid from this fund.

(b) In the event of the termination of any disability allowance for any reason other than the death of the recipient, the balance of the required reserves for the disability allowance as of the date of the termination must be transferred from the disability benefit fund to the deposit accumulation fund.

(c) At the end of each fiscal year, as part of the annual actuarial valuation, a determination must be made of the required reserves for all disability allowances being paid from the disability benefit fund. Any excess of assets over actuarial required reserves in the disability benefit fund must be transferred to the deposit accumulation fund. Unless subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the disability benefit fund must be funded by a transfer of the appropriate amount of assets from the deposit accumulation fund.

Sec. 6. Minnesota Statutes 2006, section 422A.06, subdivision 8, is amended to read:

Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund ~~shall consist~~ consists of amounts held for payment of retirement allowances for members retired ~~pursuant to~~ under this chapter, including any transfer amount payable under subdivision 3, paragraph (c).

(b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves for retirement allowances pursuant to under this chapter determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 shall must be transferred from the deposit accumulation fund to the retirement benefit fund as of the last business day of the month in which the retirement allowance begins. The income from investments of these assets shall must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. ~~There shall must be paid from this fund the retirement annuities authorized by law.~~ A required reserve calculation for the retirement benefit fund must be made by the actuary retained under section 356.214 and must be certified to the retirement board by the actuary retained under section 356.214.

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

(d) Annually, following the calculation of any postretirement adjustment payable from the retirement benefit fund, the board of trustees shall submit a report to the executive director of

the Legislative Commission on Pensions and Retirement and to the commissioner of finance indicating the amount of any postretirement adjustment and the underlying calculations on which that postretirement adjustment amount is based, including the amount of dividends, the amount of interest, and the amount of net realized capital gains or losses utilized in the calculations.

(e) With respect to a former contributing member who began receiving a retirement annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, or with respect to a survivor of a former contributing member who began receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living adjustment payable to those annuity or benefit recipients annually must be transferred back to the deposit accumulation fund to the credit of the Metropolitan Airports Commission. The calculation of this annual reduced cost-of-living adjustment reserve transfer must be reviewed by the actuary retained under section 356.214.

Sec. 7. Minnesota Statutes 2006, section 422A.101, subdivision 3, is amended to read:

Subd. 3. **State contributions.** (a) Subject to the limitation set forth in paragraph (c), the state shall pay to the Minneapolis Employees Retirement Fund annually an amount equal to the amount calculated under paragraph (b).

(b) The payment amount is an amount equal to the financial requirements of the Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund prepared by the actuary retained under section 356.214 ~~pursuant to~~ consistent with section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee contributions required ~~pursuant to~~ under section 422A.10, and the amount of employer contributions required ~~pursuant to~~ under subdivisions 1a, 2, and 2a. Payments shall be made September 15 annually.

(c) The annual state contribution under this subdivision may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under section 356.43.

(d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000, the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained under section 356.214 compared to the total unfunded actuarial accrued liability attributed to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (b).

Sec. 8. **REPEALER.**

Minnesota Statutes 2006, section 422A.101, subdivision 4, is repealed.

Sec. 9. **EFFECTIVE DATE; LOCAL APPROVAL.**

Sections 1 to 8 are effective the day after the city council of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 9

**MINNEAPOLIS POLICE AND FIREFIGHTERS  
RELIEF ASSOCIATIONS CHANGES**

Section 1. Minnesota Statutes 2006, section 423B.10, subdivision 1, is amended to read:

Subdivision 1. **Entitlement; benefit amount.** (a) The surviving spouse of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was the legally married spouse of the decedent, residing with the decedent, and who was married while or before the time the decedent was on the payroll of the police department, and who, if the deceased member was a service or deferred pensioner, was legally married to the member for a period of at least one year before retirement from the police department, is entitled to a surviving spouse benefit. The surviving spouse benefit is equal to ~~22.5 units per month until December 31, 2005,~~ and 23 units per month beginning on January 1, 2006, if the person is the surviving spouse of a deceased active member or disabilitant. The surviving spouse benefit is equal to ~~six~~ eight units per month, plus an additional one unit for each year of service to the credit of the decedent in excess of five years, to a maximum of ~~22.5 units per month until December 31, 2005,~~ and 23 units per month beginning on January 1, 2006, if the person is the surviving spouse of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving spouse benefit is payable for the life of the surviving spouse.

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

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

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

(e) For any surviving spouse who began receiving survivor benefits before January 1, 2005, the



half-unit increase under paragraph (a) is effective retroactive to January 1, 2005.

**EFFECTIVE DATE.** This section is effective retroactive from the effective date of Laws 1997, chapter 233, article 4, section 7, and Laws 2005, First Special Session chapter 8, article 11, section 12. Benefit amounts paid to surviving spouse members previously paid that are consistent with this section are hereby ratified and confirmed.

Sec. 2. Minnesota Statutes 2006, section 423C.06, subdivision 2, is amended to read:

Subd. 2. **Actuarial assets of special fund less than 102 percent.** (a) When the actuarial assets of the special fund in any year are less than 102 percent of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, investment-related postretirement adjustments shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if there is excess investment income.

(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the Legislative Commission on Pensions and Retirement. The dollar amount of excess investment income up to one percent of the assets of the special fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply ~~the first one-half of~~ one percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members ~~and the second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due the association under section 423A.02 for the current calendar year.~~ The amounts of all payments to eligible members shall not exceed ~~one-half of~~ one percent of the assets of the fund. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. If this amount exceeds the total monthly benefit that the eligible member was entitled to in the prior year under the terms of this chapter, the association shall pay the eligible member the lesser amount. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

**EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after the city council of the city of Minneapolis and its chief clerical officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

**ARTICLE 10****VOLUNTEER FIREFIGHTER BENEFIT CHANGES**

Section 1. Minnesota Statutes 2006, section 424A.10, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means an individual who receives a lump sum distribution of pension or retirement benefits from a firefighters' relief association for service that the individual has performed as a volunteer firefighter;

(2) "survivor of a deceased active or deferred volunteer firefighter" means the legally married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or minor children of a deceased volunteer firefighter;

(3) "active volunteer firefighter" means a person who regularly renders fire suppression service for a municipal fire department or an independent nonprofit firefighting corporation, who has met the statutory and other requirements for relief association membership, and who has been a fully qualified member of the relief association for at least one month; and

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who terminated active firefighting service, has sufficient service credit from the applicable relief association to be entitled to a service pension, but has not applied for or has not received the service pension.

**EFFECTIVE DATE.** This section is effective for supplemental benefits paid after July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 424A.10, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a firefighters' relief association of a lump sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association ~~may~~ must pay the supplemental benefit out of its special fund. The amount of this benefit equals ten percent of the regular lump sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association of a lump sum survivor benefit or funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association may pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association if its articles of incorporation or bylaws so provide. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral benefit, but not to exceed \$2,000.

(c) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump sum volunteer firefighter benefit.

**EFFECTIVE DATE.** This section is effective for supplemental benefits paid after July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 424A.10, subdivision 3, is amended to read:

Subd. 3. **State reimbursement.** (a) By February 15 of each year, the treasurer of the relief association shall apply to the commissioner of revenue for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year. By March 15, the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid to qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement.

(c) The reimbursement payment must be deposited in the special fund of the relief association.

(d) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactive to July 1, 2006.

## ARTICLE 11

### VARIOUS BENEFIT AND OTHER CHANGES

Section 1. Minnesota Statutes 2006, section 3.85, subdivision 10, is amended to read:

Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall adopt standards prescribing specific detailed methods to calculate, evaluate, and display current and proposed law liabilities, costs, and actuarial equivalents of all public employee pension plans in Minnesota. These standards shall be consistent with chapter 356 and be updated annually. The standards must not contain a valuation requirement that is inconsistent with generally accepted accounting principles applicable to government pension plans.

Sec. 2. Minnesota Statutes 2006, section 3A.02, subdivision 5, is amended to read:

Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional retirement annuity in the form of a joint and survivor annuity and an optional retirement annuity in the form of a period certain and life thereafter. Except as provided in paragraph (b), these optional annuity forms must be actuarially equivalent to the normal allowance computed under this section, plus the actuarial value of any surviving spouse benefit otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1. An individual selecting an optional annuity under this subdivision and the person's spouse waive any rights to surviving spouse benefits under section 3A.04, subdivision 1.

(b) If a retired legislator selects the joint and survivor annuity option, the retired legislator must receive a normal single-life allowance if the designated optional annuity beneficiary dies before the retired legislator and no reduction may be made in the annuity to provide for restoration of the normal single-life allowance in the event of the death of the designated optional annuity beneficiary.

(c) The surviving spouse of a legislator who has attained at least age 55 and who dies while a member of the legislature may elect an optional joint and survivor annuity under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

(d) The surviving spouse of a deceased former legislator may elect an optional joint and survivor annuity under paragraph (a) in lieu of surviving spouse benefits under section 3A.04, subdivision 1, on or after the date the former legislator would have reached age 55.

**EFFECTIVE DATE.** This section is effective the day following final enactment and also applies to the surviving spouse of a former legislator who died on March 5, 2007.

Sec. 3. **[3A.021] OPTIONAL DIVISION OF RETIREMENT ALLOWANCE.**

**Subdivision 1. Election of division.** Notwithstanding section 518.58, subdivision 4, paragraph (a), clause (5), a former legislator or the former spouse of a former legislator, if a portion of the former legislator's retirement allowance is awarded to the former spouse under a marriage dissolution property division decree by a court of competent jurisdiction, may elect to have payment of the portion of the legislator's retirement allowance designated in the decree as payable to the former spouse beginning as of the first day of the month following the date on which the former legislator attains the age of 62, even if the former legislator has not applied for the receipt of retirement allowance as of that date. In all other respects, the optional retirement allowance division is governed by section 518.58, subdivision 4.

**Subd. 2. Calculation of subsequent portion of the retirement allowance.** Upon the eventual application for a retirement allowance under this chapter by a former legislator who elected or was affected by the election of a benefit under subdivision 1, the subsequent retirement allowance must be adjusted to be the actuarial equivalent of the balance of the present value of the retirement allowance of the former legislator upon the effective date of the application remaining after a reduction equal to the present value of the partial benefit previously paid and subsequently payable to the former spouse, as calculated by the actuary retained under section 356.214 or as calculated under a procedure specified by the actuary. The retirement allowance present value calculations must include the effect of section 356.30.

**Subd. 3. No optional annuity form.** Section 3A.02, subdivision 5, does not apply to a partial retirement allowance payable under subdivision 1.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any retirement allowance affected by a marriage dissolution decree rendered after September 2003.

Sec. 4. Minnesota Statutes 2006, section 43A.346, subdivision 1, is amended to read:

**Subdivision 1. Definition.** For purposes of this section, "state employee" means a person currently occupying a civil service position in the executive branch of state government, the Minnesota State Retirement System, the Public Employees Retirement Association, or the Office of the Legislative Auditor, or a person employed by the Metropolitan Council.

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

Sec. 5. Minnesota Statutes 2006, section 43A.346, subdivision 2, is amended to read:

**Subd. 2. Eligibility.** (a) This section applies to a state or Metropolitan Council employee who:

(1) for at least the five years immediately preceding separation under clause (2), has been regularly scheduled to work 1,044 or more hours per year in a position covered by a pension plan administered by the Minnesota State Retirement System or the Public Employees Retirement Association;

(2) terminates state or Metropolitan Council employment;

(3) at the time of termination under clause (2), meets the age and service requirements

necessary to receive an unreduced retirement annuity from the plan and satisfies requirements for the commencement of the retirement annuity or, for an employee under the unclassified employees retirement plan, meets the age and service requirements necessary to receive an unreduced retirement annuity from the plan and satisfies requirements for the commencement of the retirement annuity or elects a lump-sum payment; and

(4) agrees to accept a postretirement option position with the same or a different appointing authority, working a reduced schedule that is both (i) a reduction of at least 25 percent from the employee's number of regularly scheduled work hours; and (ii) 1,044 hours or less in state or Metropolitan Council service.

(b) For purposes of this section, an unreduced retirement annuity includes a retirement annuity computed under a provision of law which permits retirement, without application of an earlier retirement reduction factor, whenever age plus years of allowable service total at least 90.

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

Sec. 6. Minnesota Statutes 2006, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;
- (4) employees of the Minnesota Crop Improvement Association;
- (5) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (6) employees of the Minnesota State Colleges and Universities employed under the university or college activities program;
- (7) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (8) employees of the Armory Building Commission;
- (9) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (10) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (11) employees of the Minnesota Safety Council;
- (12) any employees on authorized leave of absence from the Transit Operating Division of the

former Metropolitan Transit Commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;

(13) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control Commission, or Metropolitan Radio Board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;

(14) judges of the Tax Court;

(15) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

(16) seasonal help in the classified service employed by the Department of Revenue; ~~and~~

(17) persons employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4; and

(18) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply.

(b) Employees specified in paragraph (a), clause (15), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

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

Sec. 7. Minnesota Statutes 2006, section 352B.01, subdivision 2, is amended to read:

Subd. 2. **Member.** "Member" means:

(1) a State Patrol member currently employed under section 299D.03 by the state, who is a peace officer under section 626.84, and whose salary or compensation is paid out of state funds;

(2) a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds;

(3) a crime bureau officer who was employed by the crime bureau and was a member of the Highway Patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant under section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of state funds;

(4) a person who is employed by the state in the Department of Public Safety in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the State Patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January

1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987;

(5) a public safety employee who is a peace officer under section 626.84, subdivision 1, paragraph (c), and who is employed by the Division of Alcohol and Gambling Enforcement under section 299L.01;

(6) a Fugitive Apprehension Unit officer after October 31, 2000, who is employed by the Office of Special Investigations of the Department of Corrections and who is a peace officer under section 626.84; and

(7) an employee of the Department of Commerce defined as a peace officer in section 626.84, subdivision 1, paragraph (c), who is employed by the Division of Insurance Fraud Prevention under section 45.0135 after January 1, 2005, and who has not attained the mandatory retirement age specified in section 43A.34, subdivision 4; and

(8) an employee of the Department of Public Safety, who is a licensed peace officer under section 626.84, subdivision 1, paragraph (c), and is employed as the statewide coordinator of the Gang and Drug Oversight Council.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactive to April 1, 2007.

Sec. 8. Minnesota Statutes 2006, section 356.87, is amended to read:

**356.87 HEALTH INSURANCE WITHHOLDING.**

Subdivision 1. **Public employees insurance program withholding.** (a) Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund enumerated in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and shall pay the premium amounts to the public employees insurance program.

(b) The public employees insurance program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

Subd. 2. **Public safety retiree insurance withholding.** (a) For purposes of this subdivision, "governing board" means the governing board or body that has been assigned the chief policy-making powers and management duties of the applicable pension plan.

(b) For a pension plan covered under section 356.20, subdivision 2, that provides monthly annuity payments, the governing board may direct the plan's chief administrative officer to withhold health, accident, and long-term care insurance premiums from the retirement annuity or disability benefit and to transmit the amount to an approved insurance provider specified by the eligible person. A governing board which agrees to participate may revise or revoke that decision at a later date if the board provides reasonable notice to the applicable parties.

(c) An eligible person is a person who:

(1) is a retiree or disabilitant from a participating plan;

(2) was a public safety officer as defined in United States Code, title 42, section 3796b;

(3) terminated service as a public safety officer due to disability or attainment of normal retirement age and commences receipt of an annuity without any period of deferral; and

(4) satisfies any other requirements to have all or a portion of the health, accident, or long-term care insurance premiums excluded from income for taxation purposes, as specified in section 845 of Public Law 109-28, the Pension Protection Act of 2006.

(d) An approved insurance provider is:

(1) any regulated, licensed insurance company;

(2) a fraternal or any other organization sponsoring a regulated, licensed insurance program; or

(3) an employer-sponsored insurance program, whether directly through the employer or a third-party administrator.

(e) An eligible person may elect to have the applicable plan administrator withhold and transmit the insurance amounts described in paragraph (b). The eligible person must make this election on a form prescribed by the chief administrative officer of the applicable plan.

(f) A pension fund and the plan fiduciaries which authorize or administer withholding of insurance premiums under this subdivision is not liable for failure to properly withhold or transmit the premium amounts.

**EFFECTIVE DATE.** This section is effective retroactive to January 1, 2007.

Sec. 9. Minnesota Statutes 2006, section 626.84, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of sections 626.84 to 626.863, the following terms have the meanings given them:

(a) "Board" means the Board of Peace Officer Standards and Training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means:

(1) an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota State Patrol, agents of the Division of Alcohol and Gambling Enforcement, state conservation officers, Metropolitan Transit police officers, Department of Corrections' Fugitive Apprehension Unit officers, and Department of Commerce Insurance Fraud Unit officers, and the statewide coordinator of the Gang and Drug Oversight Council; and

(2) a peace officer who is employed by a law enforcement agency of a federally recognized tribe, as defined in United States Code, title 25, section 450b(e), and who is licensed by the board.

(d) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has



either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency.

(e) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance at special events, traffic or crowd control, and administrative or clerical assistance. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(f) "Law enforcement agency" means:

(1) a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state; and

(2) subject to the limitations in section 626.93, a law enforcement agency of a federally recognized tribe, as defined in United States Code, title 25, section 450b(e).

(g) "Professional peace officer education" means a postsecondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactive to April 1, 2007.

Sec. 10. Laws 1981, chapter 68, section 42, subdivision 1, as amended by Laws 1985, chapter 261, section 14, is amended to read:

Sec. 42. **THIEF RIVER FALLS POLICE; SURVIVOR BENEFITS.**

Subdivision 1. **Benefits.** Notwithstanding Minnesota Statutes, section 423.58, when a service pensioner, disability pensioner, deferred pensioner, or an active member of the Thief River Falls police relief association dies, leaving a surviving spouse, one or more surviving children, or both, the surviving spouse and child or children shall be entitled to a pension or pensions as follows:

(1) To the surviving spouse a pension in an amount not to exceed \$300 per month payable for life; provided, however, that if the surviving spouse shall remarry, the pension shall terminate as of the date of remarriage.

(2) To the child or children, until the child reaches the age of 18 years, a monthly benefit in an amount not to exceed \$125 per month. Payments for the benefit of any qualified dependent child under the age of 18 years shall be made to the surviving parent or if none, to the legal guardian of the child. The maximum monthly benefit for any one family shall not exceed \$750. If the member shall die under circumstances which entitle his surviving spouse and dependent children to receive benefits under the workers' compensation law, the amounts so received by them shall not be deducted from the benefits payable under this section.

(3) Pensions payable to a surviving spouse pursuant to paragraph (1) shall be adjusted annually on January 1, 1986, and January 1 of each year thereafter in proportion to salary increases paid to

active patrolmen by the city during the preceding calendar year, to a maximum of three and one-half percent in any calendar year. In no event shall the pension of a surviving spouse exceed \$600 per month.

(4) Notwithstanding any provision of paragraph (3) to the contrary, a surviving spouse benefit under paragraph (1) must be increased on January 1, 2008, by an amount equal to 3.5 percent of the benefit payable during the preceding month, but not to exceed \$640 per month. The adjustment under this paragraph is in lieu of the adjustment under paragraph (3).

**EFFECTIVE DATE.** This section is effective on the day after the governing body of the city of Thief River Falls and its chief clerical officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

Sec. 11. Laws 2006, chapter 271, article 3, section 43, is amended to read:

Sec. 43. **EARLY [356.351] RETIREMENT INCENTIVE.**

Subdivision 1. **Eligibility.** ~~(a) An eligible appointing authority in the executive or legislative branch of state government or the Board of Public Defense or the Minnesota Historical Society or the Minnesota State Colleges and Universities or any school district may offer the early retirement incentive in this section to an employee who:~~

~~(1) has at least 15 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 15 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, 2006 July 15, 2009; and~~

~~(3) is not in receipt of a public retirement plan retirement annuity, retirement allowance, or service pension during the month preceding the termination of qualified employment.~~

~~(b) An eligible appointing authority is any Minnesota governmental employing unit which employs one or more employees with retirement coverage by a retirement plan listed in Minnesota Statutes, section 356.30, by virtue of that employment.~~

~~(c) An elected official is not eligible to receive an incentive under this section.~~

Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, if approved under paragraph (b), the employer may provide an amount up to \$17,000, to an employee who terminates service, to be used:

~~(1) for an employee who terminates state service after the effective date of this section and on or before July 15, 2006, unless the appointing authority has designated the use under clause (2) or the use under clause (3) for the initial retirement incentive applicable to that employing entity under this enactment after the effective date of this section, 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, 2006, and before September 1, 2006;~~

~~(i)~~ notwithstanding Minnesota Statutes, section 352.01, subdivision 11, or 354.05, subdivision 13, whichever applies, if the appointing authority has designated the use under this clause for the initial retirement incentive applicable to that employing entity under this enactment after the effective date of this section, 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), or 354A.31, subdivision 6, paragraph (b), whichever applies; or

~~(ii)~~ (3) if the appointing authority has designated the use under this clause for the initial retirement incentive applicable to the employing entity under this enactment after the effective date of this section, for purchase of a lifetime annuity or an annuity for a specific number of years from the state unclassified applicable retirement program plan to provide additional benefits under Minnesota Statutes, section 352D.06, subdivision 1, as provided in paragraph (d).

(b) Approval to provide the incentive must be obtained from the commissioner of finance if the eligible employee is a state employee and must be obtained from the applicable governing board with respect to any other employing entity. 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), or 354A.31, subdivision 6, paragraph (b), whichever applies.

(c) The cost to purchase service credit under this section paragraph (a), clause (2), must be made in accordance with Minnesota Statutes, section 356.551.

(d) The annuity purchase under paragraph (a), clause (3), must be made using annuity factors derived from the applicable factors used by the applicable retirement plan to transfer amounts to the Minnesota post retirement investment fund and to calculate optional annuity forms. The purchased annuity must be the actuarial equivalent of the incentive amount.

**Subd. 3. Designation of positions; employer discretion.** (a) Before offering an incentive under this section, an appointing authority must be experiencing employee layoffs due to budget shortfalls or a reorganization that would be offset by offering the incentive. The appointing authority must document that the incentive payment is equal to or less than the cost of the employee layoff. The appointing authority must designate the job classifications or positions within the 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.

(b) An employee who is eligible for an incentive under this section, who is offered an incentive by the appointing authority, and who accepts the incentive offer must do so in writing. A copy of the acceptance document must be provided by the appointing authority to the applicable retirement plan within 15 days of its execution.

**Subd. 4. Reemployment prohibition.** No appointing authority referenced in subdivision 1 is permitted to employ or retain as a consultant an individual who received an early retirement incentive under this section for a period of three years after the receipt of the incentive. This

provision does not prohibit a school district from employing as a substitute teacher an individual who received an early retirement incentive under this section.

Subd. 5. **Utilization report.** On August 1, 2008, and annually thereafter, the commissioner of employee relations, with respect to the executive branch of state government, the commissioner of education, with respect to school districts, and the chancellor of the Minnesota State Colleges and Universities System, with respect to the system, shall report to the chair of the house of representatives Finance Committee, the chair of the house of representatives Governmental Operations, Reform, Technology and Elections Committee, the chair of the senate Finance Committee, the chair of the senate State and Local Government Operations and Oversight Committee, and the executive director of the Legislative Commission on Pensions and Retirement on the utilization of the early retirement incentive. The report must include the total number of employees who utilized the incentive, the age of each retiring employee, the length of service of each retiring employee, the incentive amount paid to each retiring employee, the amount of salary savings through the previous June 30 obtained for each retiring employee, and the amount of any other financial or budgetary impact related to each retiring employee.

**EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

(b) This section expires on July 15, 2009.

## ARTICLE 12

### SMALL GROUP AND SINGLE PERSON PROVISIONS

#### Section 1. **PERA-GENERAL; CITY OF ST. PAUL EMPLOYEE SERVICE CREDIT PURCHASE.**

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the general employees retirement plan of the Public Employees Retirement Association for the period of employment by the city of St. Paul between November 11, 1988, and September 30, 1989, that qualified as employment by a public employee under Minnesota Statutes 1988, section 353.01, subdivision 2b, that was not previously credited by the retirement plan.

(b) An eligible person is a person who:

(1) was born on December 29, 1958;

(2) was first employed by the city of St. Paul as a part-time or seasonal employee in 1985;

(3) qualified for Public Employees Retirement Association general plan coverage in November 1988 but was not reported by the city of St. Paul to the Public Employees Retirement Association for coverage until October 1989; and

(4) became a member of the general employees retirement plan of the Public Employees Retirement Association in October 1989.

(c) The eligible person described in paragraph (b) is authorized to apply with the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

(d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, must be granted by the general employees retirement plan of the Public Employees Retirement Association to the account of the eligible person upon the receipt of the prior service credit purchase payment amount required under Minnesota Statutes, section 356.551.

(e) Of the prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the eligible person must pay an amount equal to the employee contribution rate or rates in effect during the uncredited employment period applied to the actual salary rates in effect during the period, plus annual compound interest at the rate of 8.5 percent from the date the member contribution payment should have been made if made in a timely fashion until the date on which the contribution is actually made. If the equivalent member contribution payment, plus interest, is made, the city of St. Paul shall pay the balance of the total prior service credit purchase payment amount under Minnesota Statutes, section 356.551, within 60 days of notification by the executive director of the Public Employees Retirement Association that the member contribution equivalent payment has been received by the association.

(f) Authority for an eligible person to make a prior service credit purchase under this section expires June 30, 2009, or upon termination of employment covered by the Public Employees Retirement Association, whichever is earlier.

(g) If the city of St. Paul fails to pay its portion of the prior service credit purchase payment amount under paragraph (e), the executive director of the Public Employees Retirement Association must notify the commissioners of finance and revenue of that fact and the commissioners shall order the deduction of the required payment amount from the next payment of any state aid to the city of St. Paul and the commissioners shall transmit the applicable amount to the general employees retirement fund of the Public Employees Retirement Association.

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

**Sec. 2. PERA-POLICE AND FIRE PLAN; EXEMPTING CERTAIN ANOKA COUNTY FIELD INVESTIGATORS FROM REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.**

Notwithstanding any provision of Minnesota Statutes, section 353.37, to the contrary, a person who is receiving a retirement annuity from the Public Employees Retirement Association police and fire plan and who was employed by Midwest Forensic Pathology, P.A., as of December 31, 2006, who became employed by Anoka County on January 1, 2007, as a field investigator, when the functions of Midwest Forensic Pathology, P.A., transferred to the county, is exempt from the limitation on reemployed annuitant earnings under Minnesota Statutes, section 353.37, for the duration of that employment as a field investigator.

**EFFECTIVE DATE.** This section is effective retroactive to January 1, 2007.

**Sec. 3. MSRS-GENERAL AND PERA-GENERAL; ANNUITY BACK PAYMENTS.**

(a) Notwithstanding any provision of Minnesota Statutes, sections 352.115, subdivision 8, and 353.29, subdivision 7, to the contrary, an eligible annuitant described in paragraph (b) is entitled to a back payment of annuities from the general state employees retirement plan of the Minnesota State Retirement System and from the general employees retirement plan of the Public Employees Retirement Association as provided in paragraph (c). The back payments are intended to correct the

consequences of any negligence or error of the retirement plans in failing to promptly implement a combined service annuity.

(b) An eligible annuitant is a person who:

(1) was born on April 1, 1947;

(2) was employed by Clearwater County and was covered by the general employees retirement plan of the Public Employees Retirement Association in 1968, 1969, and 1970;

(3) was employed by the Rural Minnesota Concentrated Employment Program in 1970;

(4) was employed by the state of Minnesota by the Department of Human Services or its predecessor from 1970 to 2004; and

(5) retired from state employment under the rule of 90 on April 20, 2004.

(c) The back payments are the amount of the annuity of the eligible annuitant from the general employees retirement plan of the Public Employees Retirement Association for eight months, representing the period May 1, 2004, to December 31, 2004, and the amount of the increase in the annuity of the eligible annuitant from the general state employees retirement plan of the Minnesota State Retirement System on account of Minnesota Statutes, section 356.30, for 20 months, representing the period May 1, 2004, to December 31, 2005.

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

**Sec. 4. TEACHERS RETIREMENT ASSOCIATION; SABBATICAL LEAVE SALARY CREDIT PURCHASE.**

(a) Notwithstanding any provisions to the contrary of Minnesota Statutes, chapter 354 or 354A, an eligible person described in paragraph (b) is entitled to purchase credit for the salary amount specified in paragraph (c) by making the payment required by paragraph (d).

(b) An eligible person is a person who:

(1) was born on August 2, 1948;

(2) has 2.95 years of service credit from the Teachers Retirement Association for teaching service rendered in the early 1970s;

(3) has 26 years of service credit from the former Minneapolis Teachers Retirement Fund Association transferred to the Teachers Retirement Association under Laws 2006, chapter 277, article 3, sections 5 and 9, subdivision 3;

(4) took a sabbatical leave from Special School District No. 1, Minneapolis, for the 2004-2005 school year;

(5) obtained full salary credit from the former Minneapolis Teachers Retirement Fund Association for the 2004-2005 school year under the applicable law and benefit plan provisions; and

(6) has uncredited full-time equivalent salary from the 2005-2006 school year based on a reduced salary figure related to the sabbatical leave arrangement.

(c) The salary amount is an amount equal to the difference between the salary credit the eligible person received from the former Minneapolis Teachers Retirement Fund Association for the 2005-2006 school year and the full-time equivalent salary of the eligible person for the 2005-2006 school year.

(d) The required payment amount is an amount equal to 13.64 percent of the salary amount determined under paragraph (c), plus interest at an 8.5 percent compound rate from the date on which the contribution amounts would have been made if made in a timely fashion and the date on which the amount is actually paid. The amount is payable only in a lump sum.

(e) The eligible person shall provide any relevant documentation related to the eligibility to make this purchase that is required by the executive director of the Teachers Retirement Association.

(f) Authority for an eligible person to make the purchase under this section expires June 30, 2008.

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

**Sec. 5. COMMUNITY EDUCATION TEACHER; PRIOR SERVICE PURCHASE.**

(a) An eligible person described in paragraph (b) is entitled to purchase prior uncredited service rendered as a community education teacher for Independent School District No. 535, Rochester, from the general employees retirement plan of the Public Employees Retirement Association.

(b) An eligible person is a person who:

(1) was born on March 4, 1939;

(2) began teaching for Independent School District No. 535, Rochester, in 1962 and retired June 1997;

(3) was a contributing member of the Teachers Retirement Association until retirement;

(4) subsequent to retirement began teaching for community education; and

(5) because of an error, no deductions were taken from the person's pay and no contributions were made on the person's behalf by the school district to the Public Employees Retirement Association for the community education service.

(c) The purchase payment amount for the uncredited community education service must be determined under Minnesota Statutes, section 356.551. Notwithstanding Minnesota Statutes, section 356.551, subdivision 2, paragraphs (d) and (e), the purchase payment amount must be allocated on the basis of one-third of the total by the eligible person and of the balance of the total by Independent School District No. 535, Rochester. If the eligible person pays the person's required portion, Independent School District No. 535, Rochester, shall make its payment within 30 days of notification by the Public Employees Retirement Association of its payment obligation. If Independent School District No. 535, Rochester, does not pay the balance within 30 days of notification by the executive director of the Public Employees Retirement Association of the payment of the member contribution payment by the eligible person under paragraph (a), the executive director shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid payable to Independent School District No. 535, Rochester, that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month that

has elapsed from the effective date of this section.

(d) This authority expires on May 31, 2009, or on the first day of the month next following the conclusion of the eligible member's elected public service, whichever occurs earlier.

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

**Sec. 6. PERA-GENERAL; LATE DISABILITY BENEFIT APPLICATION AUTHORIZED.**

(a) Notwithstanding any provision of Minnesota Statutes, section 353.33, subdivision 2, to the contrary, a person described in paragraph (b) is authorized to apply for a disability benefit from the general employees retirement plan of the Public Employees Retirement Association under Minnesota Statutes, section 353.33.

(b) An eligible person is a person who:

(1) was born on February 1, 1956;

(2) became a Public Employees Retirement Association general plan member on December 18, 1994, until January 31, 1996, while employed by the city of Benson;

(3) was employed by Independent School District No. 777, Benson, with Public Employees Retirement Association general plan coverage, from October 1, 1996, until July 31, 2003;

(4) is disabled within the meaning of Minnesota Statutes, section 353.01, subdivision 19; and

(5) failed to apply for disability benefits under Minnesota Statutes, section 353.33, within the three-year time period permitted in that statute following termination of covered employment.

(c) The eligible person under paragraph (b) must provide, in conjunction with the disability application, any relevant evidence that the executive director of the Public Employees Retirement Association requires about the existence of a total and permanent disability as defined in Minnesota Statutes, section 353.01, subdivision 19, and about the date on which the disability occurred and its relationship to the termination of active service in July 2003.

(d) If the eligible person files a disability benefit application and if the eligible person provides sufficient evidence of disability and the occurrence of the disability under paragraph (c), to qualify for a disability benefit under Minnesota Statutes, section 353.33, the disability benefit becomes payable on the first day of the first month following the approval of the application. The disability benefit must be calculated under the laws in effect at the time the eligible person terminated active service in July 2003. The disability benefit must include any applicable deferred annuities augmentation under Minnesota Statutes, section 353.71, subdivision 2.

(e) Nothing in this section may be deemed to exempt the eligible person from the partial reemployment of a disabilitant provision under Minnesota Statutes, section 353.33, subdivision 7, or from the trial work period provision under Minnesota Statutes, section 353.33, subdivision 7a.

**EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

(b) This section expires, if not utilized, on December 31, 2007."

Delete the title and insert:



"A bill for an act relating to retirement; various retirement plans; authorizing an optional annuity election for the surviving spouse of a deceased former legislator; permitting the optional early division of legislators retirement plan retirement allowances upon a marriage dissolution; expanding the membership of the general state employees retirement plan and the State Patrol retirement plan; permitting withholding of insurance premiums from public safety employee annuities; providing special coverage to privatized employees of Lakefield Nursing Home, Lakeview Nursing Home, Oakland Park Nursing Home, and Hutchinson Area Health Care; permitting various prior service credit purchases; exempting certain Anoka County employees from reemployed annuitant earnings limitations; permitting certain combined service annuity back payments; permitting a delayed disability benefit application; making various administrative changes in various statewide retirement plans; modifying disability determination procedures and disability benefits in various plans administered by the Public Employees Retirement Association; authorizing investment in the State Board of Investment by the Minneapolis Employees Retirement Fund; relaxing certain Minneapolis Employees Retirement Fund liquidity transfer requirements; expanding the coverage group of the state employees correctional retirement plan to include various Department of Corrections and Department of Human Services employees; modifying various aspects of the volunteer fire supplemental benefit coverage; correcting various 2006 drafting errors; replacing the investment-related postretirement adjustment mechanism for the St. Paul Teachers Retirement Fund Association with a cost of living adjustment mechanism; extending the St. Paul Teachers Retirement Fund Association amortization target date; modifying certain Minneapolis Police Relief Association surviving spouse benefit amounts and validating prior payments; increasing the amount available for distribution by the Minneapolis Firefighters Relief Association as a postretirement adjustment; including the Public Employees Retirement Association staff in the state's postretirement option; extending the 2006 special retirement incentive to 2009 and making certain modifications; authorizing an additional postretirement adjustment for surviving spouses receiving benefits from the Thief River Falls Police Trust Fund; amending Minnesota Statutes 2006, sections 3.85, subdivision 10; 3A.02, subdivisions 1, 5; 3A.05; 13.632, subdivision 1; 43A.346, subdivisions 1, 2; 126C.41, subdivision 4; 352.01, subdivisions 2a, 2b, 11; 352.12, subdivision 2a; 352.27; 352.91, subdivisions 3d, 3e, 3f, 4b; 352.951; 352.98, by adding a subdivision; 352B.01, subdivision 2; 352D.02, subdivisions 1, 3; 352D.06, subdivision 3; 353.01, subdivisions 2a, 2b, 6, 16, 28, 37, by adding subdivisions; 353.03, subdivisions 3, 3a, 4; 353.27, by adding a subdivision; 353.28, subdivision 6; 353.29, subdivision 3; 353.30, subdivisions 1a, 1b, 1c; 353.32, subdivisions 1a, 1b; 353.33, subdivisions 1, 2, 4, 6, 7a; 353.34, subdivision 3; 353.651, subdivision 4; 353.656, subdivisions 1, 1a, 3, 4, 5a, 6a, 8, 10, by adding subdivisions; 353.657, subdivisions 1, 2, 2a, 3; 353B.08, subdivision 11; 353E.06, subdivisions 1, 2, 4, 8; 353F.02, subdivision 4; 353F.04, subdivision 1; 354.05, subdivision 13; 354.093; 354.094; 354.095; 354.096, subdivision 2; 354.35; 354.44, subdivision 6; 354.45, subdivision 1a; 354.48, subdivision 3; 354A.12, subdivisions 3b, 3c, 3d; 354A.29, subdivisions 3, 4; 354B.21, subdivision 3; 355.01, subdivision 3h; 356.195, subdivision 1; 356.215, subdivision 11; 356.405; 356.46, subdivision 3; 356.87; 356A.06, subdivision 6; 422A.01, subdivision 13a; 422A.05, subdivision 2c; 422A.06, subdivisions 3, 5, 7, 8; 422A.101, subdivision 3; 423A.02, subdivisions 3, 5; 423B.10, subdivision 1; 423C.06, subdivision 2; 424A.10, subdivisions 1, 2, 3; 490.121, subdivisions 15a, 21f; 626.84, subdivision 1; Laws 1981, chapter 68, section 42, subdivision 1, as amended; Laws 2006, chapter 271, article 2, sections 12, subdivision 1; 13, subdivision 3; article 3, section 43; article 14, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 3A; 352; 353; 353E; 354; 356; repealing Minnesota Statutes 2006, sections 352.031; 353.30, subdivision 1; 353.33, subdivisions 6a, 6b, 8; 353.34, subdivision 7; 353.656, subdivisions 5, 9,

11, 12; 353.69; 354.071; 354.49, subdivision 5; 354A.12, subdivision 3d; 354A.29, subdivision 6; 356.90; 422A.101, subdivision 4."

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

Joint Rule 2.03 suspended. Amendments adopted. Report adopted.

### MOTIONS AND RESOLUTIONS

**Senators Rest, Scheid, Limmer, Michel and Bonoff introduced –**

**Senate Resolution No. 97:** A Senate resolution congratulating Minnesota Teacher of the Year Michael Smart.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 98:** A Senate resolution congratulating Emily Snowberg of Mahtomedi for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 99:** A Senate resolution congratulating Jacola Roman of Mahtomedi for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 100:** A Senate resolution congratulating Margaret Crabtree of Hugo for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 101:** A Senate resolution congratulating Kathryn Trost of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 102:** A Senate resolution congratulating Lindsay Ryan of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 103:** A Senate resolution congratulating Meaghan Young-Stephens of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 104:** A Senate resolution congratulating Allison Hrovat of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 105:** A Senate resolution congratulating Elizabeth Schnabel of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 106:** A Senate resolution congratulating Chelsea Froemke of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 107:** A Senate resolution congratulating Amy Johnson of Lino Lakes for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 108:** A Senate resolution congratulating Maria Cox of Stillwater for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 109:** A Senate resolution congratulating Anna Krenkel of Stillwater for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 110:** A Senate resolution congratulating Kamila Anderson of Stillwater for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 111:** A Senate resolution congratulating Andrea Dittmann of Stillwater for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

**Senator Vandever introduced –**

**Senate Resolution No. 112:** A Senate resolution congratulating Rochelle Schostag of Hugo for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

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 bills were read the first time.

**Senators Metzen and Tomassoni introduced–**

**S.F. No. 2295:** A bill for an act relating to state government; providing that the Compensation Council establishes salaries for legislators, judges, and constitutional officers; amending Minnesota Statutes 2006, section 15A.082.

Referred to the Committee on Rules and Administration.

**Senator Skogen introduced–**

**S.F. No. 2296:** A bill for an act relating to capital improvements; appropriating money for the Wadena Regional Wellness Center; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

**Senator Higgins introduced–**

**S.F. No. 2297:** A bill for an act relating to tax increment financing; expanding the permitted use of increments for districts in bioscience zones; amending Minnesota Statutes 2006, section 469.1763, subdivision 2.

Referred to the Committee on Taxes.

**MOTIONS AND RESOLUTIONS - CONTINUED****CONFIRMATION**

Senator Vickerman moved that the appointment of the Commissioner of Veterans Affairs be taken from the table. The motion prevailed.

Senator Vickerman moved that in accordance with the report from the Committee on Agriculture and Veterans, reported January 25, 2007, the Senate, having given its advice, do now consent to and confirm the appointment of:

DEPARTMENT OF VETERANS AFFAIRS  
COMMISSIONER

Clark Dyrud, 5501 Humboldt Cir., Minneapolis, Hennepin County, effective January 2, 2007, for a term expiring on January 3, 2011.

The motion prevailed. So the appointment was confirmed.

**RECESS**

Senator Pogemiller 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.

**CALL OF THE SENATE**

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 946, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 946 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 14, 2007

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 946**

A bill for an act relating to transportation finance; appropriating money for transportation, Metropolitan Council, and public safety activities; providing for fund transfers, general contingent accounts, tort claims, and state land sales; authorizing sale and issuance of trunk highway bonds for highways and transit facilities; modifying motor fuels and registration taxes; allocating motor vehicle sales tax revenue; modifying county state-aid allocation formula; modifying county wheelage tax; authorizing local transportation sales and use taxes; modifying provisions relating to various transportation-related funds and accounts; modifying fees for license plates, drivers' licenses, identification cards, and state patrol escort and flight services; prohibiting future toll facilities; making technical and clarifying changes; amending Minnesota Statutes 2006, sections 16A.88; 161.04, subdivision 3, by adding a subdivision; 162.06; 162.07, subdivision 1, by adding subdivisions; 163.051; 168.011, subdivision 6; 168.013, subdivisions 1, 1a; 168.017, subdivision 3; 168.12, subdivision 5; 168A.29, subdivision 1; 171.02, subdivision 3; 171.06, subdivision 2; 171.07, subdivisions 3a, 11; 171.20, subdivision 4; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.94; 297B.09, subdivision 1; 299D.09; 473.388, subdivision 4; 473.446, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 160; 297A; repealing Minnesota Statutes 2006, section 174.32.

May 9, 2007

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

We, the undersigned conferees for H. F. No. 946 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 946 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1****TRANSPORTATION APPROPRIATIONS****Section 1. SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	\$ 138,597,000	\$ 112,392,000	\$ 250,989,000
<u>Trunk Highway</u>	1,135,229,000	1,357,199,000	2,492,428,000
<u>H.U.T.D.</u>	8,938,000	9,238,000	18,176,000
<u>Airports</u>	25,557,000	25,659,000	51,216,000
<u>C.S.A.H.</u>	474,098,000	526,895,000	1,000,993,000

68TH DAY]

MONDAY, MAY 14, 2007

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<u>M.S.A.S.</u>	<u>127,663,000</u>	<u>141,649,000</u>	<u>269,312,000</u>
<u>Special Revenue</u>	<u>47,950,000</u>	<u>49,038,000</u>	<u>96,988,000</u>
<b><u>Total</u></b>	<b><u>\$ 1,958,032,000</u></b>	<b><u>\$ 2,222,070,000</u></b>	<b><u>\$ 4,180,102,000</u></b>

Sec. 2. TRANSPORTATION APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2008**                      **2009**

Sec. 3. TRANSPORTATION

**Subdivision 1. Total Appropriation**                      **\$ 1,702,715,000**      **\$ 1,984,532,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>21,985,000</u>	<u>19,248,000</u>
<u>Trunk Highway</u>	<u>1,053,462,000</u>	<u>1,271,131,000</u>
<u>Airports</u>	<u>25,507,000</u>	<u>25,609,000</u>
<u>C.S.A.H.</u>	<u>474,098,000</u>	<u>526,895,000</u>
<u>M.S.A.S.</u>	<u>127,663,000</u>	<u>141,649,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Multimodal Systems**

**(a) Airport Development and Assistance**                      **20,298,000**                      **20,298,000**

These appropriations are from the state

airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

\$6,000,000 the first year and \$6,000,000 the second year are onetime appropriations and do not add to the base appropriations.

Of this appropriation up to \$200,000 in the first year is to the Legislative Coordinating Commission for the administrative expenses of the Airport Funding Advisory Task Force and for other costs relating to the preparation of the report required by the task force, including the costs of hiring a consultant, if needed. Any remaining amount of this appropriation shall revert to the state airports fund.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, these appropriations are available for five years after appropriation.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

<b>(b) Aviation Support Services</b>	<u>6,036,000</u>	<u>6,152,000</u>
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Appropriations by Fund

<u>Trunk Highway</u>	<u>852,000</u>	<u>866,000</u>
<u>Airports</u>	<u>5,184,000</u>	<u>5,286,000</u>

\$65,000 the first year and \$65,000 the second year are for the Civil Air Patrol.

<b>(c) Transit</b>	<u>19,553,000</u>	<u>19,577,000</u>
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Appropriations by Fund

<u>General</u>	<u>18,813,000</u>	<u>18,816,000</u>
<u>Trunk Highway</u>	<u>740,000</u>	<u>761,000</u>

<b>(d) Freight</b>	<u>5,385,000</u>	<u>5,525,000</u>
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Appropriations by Fund

<u>General</u>	<u>357,000</u>	<u>367,000</u>
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68TH DAY]

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4099

Trunk Highway

5,028,000

5,158,000

(e) Rail

250,000

0

This appropriation is from the general fund for a grant to the Northstar Corridor Development Authority to fund advanced preliminary engineering, updated environmental documentation, property appraisals, and negotiations with the railroad to extend commuter rail service on the Burlington Northern Santa Fe rail line between Big Lake and Rice. This is a onetime appropriation and is available until spent and does not lapse.

Subd. 3. State Roads

(a) Infrastructure Operations and Maintenance

236,083,000

247,262,000

(b) Infrastructure Investment Support

184,679,000

194,728,000

\$266,000 the first year and \$266,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 the first year and \$75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$600,000 the first year and \$600,000 the second year are available for grants for transportation-related activities outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available:

(1) to regional development commissions;

(2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or

more political subdivisions in the region to exercise the planning functions of a regional development commission; and

(3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

Up to \$1,000,000 the first year is for technical support of trunk highway congestion reduction under the United States Department of Transportation Urban Partnership program. Of this amount, \$200,000 is for a grant to Hubert H. Humphrey Institute of Public Affairs for its participation in this program.

\$5,000,000 is for a pilot project to demonstrate technologies that will allow for the future replacement of the gas tax with a fuel-neutral mileage charge.

**(c) State Road Construction**

504,082,000

677,563,000

It is estimated that these appropriations will be funded as follows:

<u>Federal Highway Aid</u>	<u>193,500,000</u>	<u>350,400,000</u>
<u>Highway User Taxes</u>	<u>310,582,000</u>	<u>327,163,000</u>

The commissioner of transportation shall notify the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance of any significant events that should cause these estimates to change.

These appropriations are for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

\$77,000,000 the second year is a onetime

appropriation that is shifted from the first year. It does not subtract from the base appropriation in the first year or add to the base appropriation in the second year.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

<b><u>(d) Highway Debt Service</u></b>	<u>58,718,000</u>	<u>80,527,000</u>
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\$54,929,000 the first year and \$70,504,000 the second year are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on ways and means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation. Any excess appropriation cancels to the trunk highway fund.

<b><u>(e) Electronic Communications</u></b>	<u>5,161,000</u>	<u>5,288,000</u>
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Appropriations by Fund

<u>General</u>	<u>9,000</u>	<u>9,000</u>
<u>Trunk Highway</u>	<u>5,152,000</u>	<u>5,279,000</u>

The general fund appropriations are to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

**Subd. 4. Local Roads**

<b><u>(a) County State Aids</u></b>	<u>474,098,000</u>	<u>526,895,000</u>
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These appropriations are from the county state-aid highway fund and are available until spent.

**(b) Municipal State Aids**127,663,000141,649,000

These appropriations are from the municipal state-aid street fund and are available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

If the appropriations for either county state aids or municipal state aids does exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance shall notify the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance of the amount by which the appropriation exceeds the balance and shall then reduce that amount from the appropriation.

**(c) Town Road Sign Replacement Program**2,500,0000

This appropriation is from the general fund to the commissioner of transportation to implement the town road sign replacement program established in Laws 2005, First Special Session chapter 6, article 3, section 89. For the purpose of this appropriation, implementation includes the purchase and installation of new signs. This appropriation may be used to satisfy any local matching requirement for the receipt of federal funds. Designated funds not allocated by July 1, 2009, cancel and revert to the general fund.

**Subd. 5. General Support**

<b>(a) Department Support</b>		<u>40,827,000</u>	<u>41,623,000</u>
	<u>Appropriations by Fund</u>		
<u>Trunk Highway</u>	<u>40,802,000</u>	<u>41,598,000</u>	
<u>Airports</u>	<u>25,000</u>	<u>25,000</u>	
<b>(b) Buildings</b>		<u>17,382,000</u>	<u>17,445,000</u>
	<u>Appropriations by Fund</u>		
<u>General</u>	<u>56,000</u>	<u>56,000</u>	
<u>Trunk Highway</u>	<u>17,326,000</u>	<u>17,389,000</u>	

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

**Subd. 6. Transfers**

With the approval of the commissioner of finance, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for state road construction. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers under this paragraph may not be made between funds. Transfers between programs must be reported immediately to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance.

The commissioner of finance shall transfer from the flexible account in the county state-aid highway fund \$5,950,000 the first year and \$2,820,000 the second year to the municipal turnback account in the municipal state-aid street fund and \$12,940,000 the first year and \$15,330,000 the second year to the trunk highway fund; and the remainder in each year to the county turnback account in

the county state-aid highway fund.

On or after July 1, 2007, the commissioner of finance shall:

(1) transfer \$4,600,000 from the trunk highway revolving loan account in the transportation revolving loan fund to the trunk highway fund; and

(2) transfer \$1,221,000 from the general fund to the trunk highway fund, to reimburse the fund for transfer of trunk highway land to the city of Mounds View.

**Subd. 7. Use of State Road Construction Appropriation**

Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before fiscal year 2008 is available to the commissioner during fiscal years 2008 and 2009 to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated. The commissioner of transportation shall report to the commissioner of finance by August 1, 2007, and August 1, 2008, on a form the commissioner of finance provides, on expenditures made during the previous fiscal year that are authorized by this subdivision.

**Subd. 8. Contingent Trunk Highway Appropriation**

The commissioner of transportation, with the approval of the governor and the written approval of at least five members of a group consisting of (1) the members of the Legislative Advisory Commission under Minnesota Statutes, section 3.30, and (2) the ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation (1) for trunk highway design, construction, or inspection in order to

take advantage of an unanticipated receipt of income to the trunk highway fund or to take advantage of federal advanced construction funding, (2) for trunk highway maintenance in order to meet an emergency, or (3) to pay tort or environmental claims. Nothing in this subdivision authorizes the commissioner to increase the use of federal advanced construction funding beyond amounts specifically authorized. Any transfer as a result of the use of federal advanced construction funding must include an analysis of the effects on the long-term trunk highway fund balance. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 4. **METROPOLITAN COUNCIL**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$ 108,753,000</u></b>	<b><u>\$ 85,090,000</u></b>
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These appropriations are from the general fund.

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Bus Transit</u></b>	<u>97,214,000</u>	<u>73,453,000</u>
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These appropriations are for bus system operations.

\$23,761,000 the first year is a onetime appropriation and does not add to the base appropriation.

Subd. 3. <b><u>Rail Operations</u></b>	<u>11,539,000</u>	<u>11,637,000</u>
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These appropriations are for operations of the Hiawatha light rail transit line.

The base appropriations are \$5,300,000 for fiscal year 2010 and \$5,300,000 for fiscal year 2011.

The Hennepin County Regional Rail Authority may not pay any portion of the operating costs for the Hiawatha light rail





section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,199,000 the first year and \$1,367,000 the second year are appropriated from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

\$508,000 the first year and \$508,000 the second year are appropriated from the general fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$792,000 the first year and \$792,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 2007, and December 31, 2008, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

\$610,000 the first year and \$610,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 2007, and December 31, 2008, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

\$716,000 the first year and \$716,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on December 31, 2007, and December 31, 2008, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts

appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

**(c) Technical Support Services** 3,870,000 3,870,000

Appropriations by Fund

<u>General</u>	<u>1,507,000</u>	<u>1,507,000</u>
<u>Trunk Highway</u>	<u>2,344,000</u>	<u>2,344,000</u>
<u>H.U.T.D.</u>	<u>19,000</u>	<u>19,000</u>

Of the amounts from the general fund, \$1,416,000 the first year and \$1,416,000 the second year are for information systems security and disaster recovery.

**Subd. 3. State Patrol**

**(a) Patrolling Highways** 67,626,000 71,522,000

Appropriations by Fund

<u>General</u>	<u>37,000</u>	<u>37,000</u>
<u>Trunk Highway</u>	<u>67,497,000</u>	<u>71,393,000</u>
<u>H.U.T.D.</u>	<u>92,000</u>	<u>92,000</u>

Of the amounts from the trunk highway fund, \$2,060,000 the first year and \$3,653,000 the second year are for the cost of adding 40 state patrol troopers.

Of the amounts from the trunk highway fund, \$1,137,000 the first year and \$1,137,000 the second year are for fuel costs.

**(b) Commercial Vehicle Enforcement** 6,945,000 7,196,000

\$198,000 the first year and \$198,000 the second year are for fuel costs.

**(c) Capitol Security** 3,028,000 3,128,000

These appropriations are from the general fund.

The commissioner may not (1) spend any money from the trunk highway fund for capitol security or (2) permanently transfer

any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money (1) appropriated for Department of Public Safety administration, the patrolling of highways, commercial vehicle enforcement, or driver and vehicle services to capitol security or (2) from capitol security.

**Subd. 4. Driver and Vehicle Services**

**(a) Vehicle Services** 26,032,000 26,609,000

Appropriations by Fund

<u>H.U.T.D.</u>	<u>7,336,000</u>	<u>7,636,000</u>
<u>Special Revenue</u>	<u>18,696,000</u>	<u>18,973,000</u>

The base appropriations from the highway user tax distribution fund are \$7,936,000 for fiscal year 2010 and \$8,236,000 for fiscal year 2011.

The special revenue fund appropriations are from the vehicle services operating account.

Of the amounts from the special revenue fund, \$47,000 the first year and \$45,000 the second year are for a driver license and motor vehicle records contract coordinator.

**(b) Driver Services** 27,940,000 28,712,000

Appropriations by Fund

<u>Trunk Highway</u>	<u>1,000</u>	<u>1,000</u>
<u>Special Revenue</u>	<u>27,939,000</u>	<u>28,711,000</u>

The special revenue fund appropriations are from the driver services operating account.

Of the amounts from the special revenue fund, \$25,000 the first year and \$23,000 the second year are for a driver license and motor vehicle records contract coordinator.

**Subd. 5. Traffic Safety** 435,000 435,000

\$111,000 the first year and \$111,000

the second year are for planning and administration of grants from the National Highway Traffic Safety Administration.

The commissioner of public safety shall spend 50 percent of the money available to the state under Public Law 105-206, section 164, and the remaining 50 percent must be transferred to the commissioner of transportation for hazard elimination activities under United States Code, title 23, section 152.

**Subd. 6. Pipeline Safety** 1,315,000 1,354,000

These appropriations are from the pipeline safety account in the special revenue fund.

**Sec. 6. GENERAL CONTINGENT ACCOUNTS** \$ 375,000 \$ 375,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>Trunk Highway</u>	<u>200,000</u>	<u>200,000</u>
<u>H.U.T.D.</u>	<u>125,000</u>	<u>125,000</u>
<u>Airports</u>	<u>50,000</u>	<u>50,000</u>

The appropriations in this section may only be spent with the approval of the governor and the written approval of at least five members of a group consisting of (1) the members of the Legislative Advisory Commission under Minnesota Statutes, section 3.30, and (2) the ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

**Sec. 7. TORT CLAIMS** \$ 600,000 \$ 600,000

These appropriations are to the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 8. Laws 2005, First Special Session chapter 6, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. <b>Driver and Vehicle Services</b>	51,389,000	50,814,000
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Summary by Fund

Highway User	6,966,000	7,036,000
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Special Revenue	44,423,000	43,778,000
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(a) Vehicle Services	23,383,000	23,849,000
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Summary by Fund

Highway User	6,966,000	7,036,000
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Special Revenue	16,417,000	16,813,000
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This appropriation is from the vehicle services operating account in the special revenue fund.

This appropriation is available until June 30, 2009.

Of any amount carried forward from fiscal year 2007, up to \$1,750,000 is for planning for the replacement of the driver and vehicle services automated support systems. Any remaining amount carried forward from fiscal year 2007 is to implement remediation strategies as necessary to avoid a systematic failure.

(b) Driver Services	28,006,000	26,965,000
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This appropriation is from the driver services operating account in the special revenue fund.

**Sec. 9. FEDERAL FUNDS SPENDING AUTHORITY.**

The commissioner of transportation may spend up to \$5,000,000 from July 1, 2008, through June 30, 2013, in federal transit funds for capital assistance to public transit systems under Minnesota Statutes, section 174.24. This amount is in addition to any appropriations made by law for this purpose.

**Sec. 10. AIRPORT FUNDING ADVISORY TASK FORCE.**

Subdivision 1. **Task force established.** An advisory task force on airport funding issues is established to study and make recommendations regarding the best methods for funding airports in the state and the state airports fund. The task force shall study:

- (1) the adequacy of current sources of revenue for the state airports fund and airports in the state;
- (2) policy considerations regarding the use of the sales tax on aircraft as a potential source of revenue for airports;
- (3) how other states fund airports;
- (4) projected aviation needs of the future, including required investments in aviation infrastructure;
- (5) aircraft registration taxes; and
- (6) other issues relating to the funding of airports as determined by the task force.

Subd. 2. **Membership.** (a) The task force is comprised of the following members:

- (1) three members of the senate, including at least one member from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration of the senate; and
- (2) three members of the house of representatives, two appointed by the speaker of the house and one appointed by the minority leader.

The appointing authorities must select members based on knowledge and experience in aviation funding issues. All appointments required by this paragraph must be completed by September 1, 2007.

(b) The chair of the task force may appoint additional nonvoting members to the task force, including, but not limited to, representatives of the following organizations:

- (1) the Department of Transportation Aeronautics Office;
- (2) the Aircraft Owners and Pilots Association;
- (3) the Experimental Aircraft Association/ACAA;
- (4) the Metropolitan Airports Commission;
- (5) the Minnesota Aviation Trades Association;
- (6) the Minnesota Business Aviation Association;
- (7) the Minnesota Council of Airports;
- (8) the Minnesota Seaplane Pilots Association;
- (9) the National Business Aviation Association; and
- (10) the Minnesota Wing, Civil Air Patrol.

(c) The director of the aeronautics office in the Department of Transportation shall convene the first meeting of the task force within two weeks after the legislative members have been appointed to the task force. The members shall elect a chairperson from their membership at the first meeting.

Subd. 3. **Report.** By February 15, 2008, the task force shall report its recommendations to the

chairs of the legislative committees with jurisdiction over airports and aviation issues and to the legislature as required by Minnesota Statutes, section 3.195.

Subd. 4. **Expenses.** Per diem and expenses for members of the task force are as provided for under Minnesota Statutes, section 15.059.

Subd. 5. **Expiration.** This section expires after the submission of the report as required under subdivision 3.

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

## ARTICLE 2

### TRUNK HIGHWAY BONDING

#### Section 1. [296A.083] ANNUAL DEBT SERVICE SURCHARGE.

(a) On June 30, 2007, and each March 1 thereafter, the commissioner of finance shall report to the commissioner of revenue the amount of the trunk highway debt service transfer forecast in the next two fiscal years attributable to the trunk highway bonds authorized in sections 2 to 4.

(b) By July 16, 2007, and each April 1 thereafter, the commissioner of revenue shall compute and publish a surcharge for each fuel tax provided for in sections 296A.07, subdivision 3, and 296A.08, subdivision 2, in proportion to the rate of tax for each type of fuel. The surcharge must be calculated to raise an amount of money which, when added to the balance in the trunk highway debt service account, covers the debt service transfer forecast in the next two fiscal years, except that the surcharge may not exceed 2.5 cents per gallon for gasoline taxed under section 296A.07, subdivision 3, clause (3), or a proportional rate for each other type of fuel. The surcharge must be rounded to the nearest 0.1 cent. The surcharge is effective on August 1, 2007, to June 30, 2008, and each new surcharge thereafter is effective the following July 1 to June 30.

#### Sec. 2. TRANSPORTATION APPROPRIATIONS.

(a) \$150,000,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of transportation in each of fiscal years 2008 through 2017 for trunk highway improvements. No more than \$22,500,000 of each year's appropriation may be used by the commissioner for program delivery.

Of this amount, in fiscal year 2008:

(1) \$4,299,000 is for predesign, design, construction, and restoration of historic roadside properties on the Great River Road. The commissioner shall consult with the Minnesota Mississippi River Parkway Commission to determine project priorities;

(2) \$20,673,000 is to the commissioner of transportation to design, construct, furnish, and equip a new Department of Transportation district headquarters facility in Mankato;

(3) \$12,715,000 is appropriated to the commissioner of administration to repair and renovate the exterior of the Department of Transportation Building at 395 John Ireland Boulevard in St. Paul; and

(4) \$40,000,000 is for construction of interchanges involving a trunk highway, where the

interchange will promote economic development, increase employment, relieve growing traffic congestion, and promote traffic safety.

(b) The commissioner shall use at least \$50,000,000 of this appropriation for accelerating transit facility improvements on or adjacent to trunk highways.

**Sec. 3. FINANCE APPROPRIATION.**

\$150,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of finance in each of fiscal years 2008 through 2017 for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4.

**Sec. 4. BOND SALE AUTHORIZATION.**

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$1,501,500,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

**ARTICLE 3**

**HIGHWAY USER TAXES**

Section 1. Minnesota Statutes 2006, section 16A.88, is amended to read:

**16A.88 ~~TRANSIT FUNDS ASSISTANCE FUND.~~**

Subdivision 1. **Transit assistance fund.** A transit assistance fund is established within the state treasury. The fund receives money distributed under section 297B.09, subdivision 1, and other money as specified by law. Money in the fund must be allocated to the greater Minnesota transit account under subdivision 1a and the metropolitan area transit account under subdivision 2 in the manner specified, and must be used solely for transit purposes under the Minnesota Constitution, article XIV, section 13.

Subd. 1a. **Greater Minnesota transit fund account.** The greater Minnesota transit fund account is established within the transit assistance fund in the state treasury. Money in the fund account is annually appropriated to the commissioner of transportation for assistance to transit systems outside the metropolitan area under section 174.24. ~~Beginning in fiscal year 2003,~~ The commissioner may use up to ~~\$400,000 each year~~ \$408,000 in fiscal year 2008 and \$416,000 in fiscal year 2009 and thereafter for administration of the transit program. The commissioner shall use the fund account for transit operations as provided in section 174.24 and related program administration.

Subd. 2. **Metropolitan area transit fund account.** The metropolitan area transit fund account is established within the transit assistance fund in the state treasury. All money in the fund account is annually appropriated to the Metropolitan Council for the funding of transit systems within the metropolitan area under sections 473.384, 473.386, 473.387, 473.388, and 473.405 to 473.449.

~~Subd. 3. **Metropolitan area transit appropriation account.** The metropolitan area transit appropriation account is established within the general fund. Money in the account is to be used for~~



~~the funding of transit systems in the metropolitan area, subject to legislative appropriation.~~

Sec. 2. Minnesota Statutes 2006, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$ 199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax computed upon the base value as provided herein, during the first ~~and second years~~ year of vehicle life shall be computed upon 100 percent of the base value; for the second year, 80 percent of such value; for the third and fourth years year, 90 70 percent of such value; for the fourth year, 60 percent of such value; for the fifth and sixth years year, 75 50 percent of such value; for the sixth year, 40 percent of such value; for the seventh year, 60 35 percent of

such value; for the eighth year, ~~40~~ 30 percent of such value; for the ninth year, ~~30~~ 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

In no event shall the annual additional tax be less than \$25. ~~The total tax under this subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the second year of vehicle life shall not exceed \$189 and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the third or subsequent year of vehicle life shall not exceed \$99 and shall not exceed \$99 in any subsequent renewal period.~~ The annual additional tax under this paragraph must not exceed the annual additional tax that was previously paid or due on that vehicle.

~~(i) As used in this subdivision and section 168.017, the following terms have the meanings given: "initial registration" means the 12 consecutive months calendar period from the day of first registration of a vehicle in Minnesota; and "renewal periods" means the 12 consecutive calendar months periods following the initial registration period.~~

Sec. 3. Minnesota Statutes 2006, section 168.017, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) The registrar shall register all vehicles subject to registration under the monthly series system for a period of 12 consecutive calendar months, unless:

(1) the application is an original rather than renewal application; or

(2) the applicant is a licensed motor vehicle lessor under section 168.27 and the vehicle is leased or rented for periods of time of not more than 28 days, in which case the applicant may apply for initial or renewed registration of a vehicle for a period of four or more months, the month of expiration to be designated by the applicant at the time of registration. However, to qualify for this exemption, the applicant must (1) present the application to the registrar at St. Paul, or at a designated deputy registrar offices as the registrar may designate office, and (2) stamp in red, on the certificate of title, the phrase "The expiration month of this vehicle is ....." with the blank filled in with the month of expiration as if the vehicle is being registered for a period of 12 calendar months.

(b) In any instance except that of a licensed motor vehicle lessor, the registrar shall not approve registering the vehicle subject to the application for a period of less than three months, except when the registrar determines that to do otherwise will help to equalize the registration and renewal work load of the department.

Sec. 4. Minnesota Statutes 2006, section 174.24, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A public transit participation program is established to carry out the objectives stated in section 174.21 by providing financial assistance from the state, including the greater Minnesota transit ~~fund~~ account established in section 16A.88, to eligible recipients outside of the metropolitan area.

Sec. 5. Minnesota Statutes 2006, section 174.24, subdivision 3b, is amended to read:

Subd. 3b. **Operating assistance; recipient classifications.** (a) The commissioner shall determine the total operating cost of any public transit system receiving or applying for assistance in accordance with generally accepted accounting principles. To be eligible for financial assistance,

an applicant or recipient shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to determine total operating cost and correspondingly the amount of assistance that may be paid to the applicant or recipient. Where more than one county or municipality contributes assistance to the operation of a public transit system, the commissioner shall identify one as lead agency for the purpose of receiving money under this section.

(b) Prior to distributing operating assistance to eligible recipients for any contract period, the commissioner shall place all recipients into one of the following classifications: urbanized area service, small urban area service, rural area service, and elderly and disabled service. The commissioner shall distribute funds under this section so that the percentage of total operating cost paid by any recipient from local sources will not exceed the percentage for that recipient's classification, except as provided in an undue hardship case. The percentages must be: for urbanized area service and small urban area service, 20 percent; for rural area service, 15 percent; and for elderly and disabled service, 15 percent. The remainder of the total operating cost will be paid from state funds less any assistance received by the recipient from any federal source. For purposes of this subdivision, "local sources" means all local sources of funds and includes all operating revenue, tax levies, and contributions from public funds, except that the commissioner may exclude from the total assistance contract revenues derived from operations the cost of which is excluded from the computation of total operating cost. Total operating costs of the Duluth Transit Authority or a successor agency does not include costs related to the Superior, Wisconsin service contract and the Independent School District No. 709 service contract. ~~For calendar years 2004 and 2005, to enable public transit systems to meet the provisions of this section, the commissioner may adjust payments of financial assistance to recipients that were under a contract with the department on January 1, 2003. Payments to such a recipient in calendar years 2004 and 2005 from the greater Minnesota transit fund may not be less than the payment to the recipient from that fund in calendar year 2003, except for reductions made necessary by reductions in base funding for those years.~~

(c) If a recipient informs the commissioner in writing after the establishment of these percentages but prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the commissioner may reduce the percentage to be paid from local sources by the recipient and increase the percentage to be paid from local sources by one or more other recipients inside or outside the classification. However, the commissioner may not reduce or increase any recipient's percentage under this paragraph for more than two years successively. If for any year the funds appropriated to the commissioner to carry out the purposes of this section are insufficient to allow the commissioner to pay the state share of total operating cost as provided in this paragraph, the commissioner shall reduce the state share in each classification to the extent necessary.

Sec. 6. Minnesota Statutes 2006, section 174.24, subdivision 5, is amended to read:

Subd. 5. **Method of payment, operating assistance.** Payments for operating assistance under this section must be made in the following manner:

(a) For payments made from the general fund:

(1) 50 percent of the total contract amount in the first month of operation;

(2) 40 percent of the total contract amount in the seventh month of operation;

(3) 9 percent of the total contract amount in the 12th month of operation; and

(4) 1 percent of the total contract amount after the final audit.

(b) For payments made from the greater Minnesota transit ~~fund~~ account:

(1) 50 percent of the total contract amount in the seventh month of operation; and

(2) 50 percent of the total contract amount in the 11th month of operation.

Sec. 7. Minnesota Statutes 2006, section 296A.07, subdivision 3, is amended to read:

Subd. 3. **Rate of tax.** The gasoline excise tax is imposed at the following rates:

(1) E85 is taxed at the rate of ~~14.2~~ 17.75 cents per gallon;

(2) M85 is taxed at the rate of ~~11.4~~ 14.25 cents per gallon; and

(3) all other gasoline is taxed at the rate of ~~20~~ 25 cents per gallon.

**EFFECTIVE DATE.** This section is effective September 1, 2007, and applies to all gasoline, undyed diesel fuel, and special fuel in distributor storage on September 1, 2007.

Sec. 8. Minnesota Statutes 2006, section 296A.08, subdivision 2, is amended to read:

Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

(a) Liquefied petroleum gas or propane is taxed at the rate of ~~15~~ 18.75 cents per gallon.

(b) Liquefied natural gas is taxed at the rate of ~~12~~ 15 cents per gallon.

(c) Compressed natural gas is taxed at the rate of ~~\$1.739~~ \$2.174 per thousand cubic feet, or ~~20~~ 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as defined by the National Conference on Weights and Measures, ~~which~~ is 5.66 pounds of natural gas.

(d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective September 1, 2007, and applies to all gasoline, undyed diesel fuel, and special fuel in distributor storage on September 1, 2007.

Sec. 9. Minnesota Statutes 2006, section 297A.64, subdivision 2, is amended to read:

Subd. 2. **Fee imposed.** A fee equal to ~~three~~ five percent of the sales price is imposed on leases or rentals of vehicles subject to the tax under subdivision 1. The lessor on the invoice to the customer may designate the fee as "a fee imposed by the State of Minnesota for the registration of rental cars."

Sec. 10. Minnesota Statutes 2006, section 297A.815, is amended by adding a subdivision to read:

Subd. 4. **Reporting of tax proceeds.** A lessor must report taxes collected under this section separately from any other taxes collected and remitted under this chapter or chapter 297B.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 11. Minnesota Statutes 2006, section 297A.94, is amended to read:

**297A.94 DEPOSIT OF REVENUES.**

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) The revenues, including interest and penalties, collected under sections 297A.992 and 297A.993 must be deposited by the commissioner as provided for in those sections.

(h) The revenues, including interest and penalties, collected under section 297A.815 must be deposited as follows:

(1) from July 1, 2009, through June 30, 2010, 41.75 percent must be deposited in the highway user tax distribution fund, 31.5 percent in the metropolitan area transit account under section 16A.88, 10.5 percent in the greater Minnesota transit account under section 16A.88, and the remaining money in the general fund;

(2) from July 1, 2010, through June 30, 2011, 46.75 percent must be deposited in the highway user tax distribution fund, 35.25 percent in the metropolitan area transit account, 11.75 percent in the greater Minnesota transit account, and the remaining money in the general fund; and

(3) on and after July 1, 2011, 50 percent must be deposited in the highway user tax distribution fund, 37.5 percent in the metropolitan area transit account, and 12.5 percent in the greater Minnesota transit account.

Sec. 12. Minnesota Statutes 2006, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this chapter must be deposited as provided in this subdivision.

~~(b) From July 1, 2002, to June 30, 2003, 32 percent of the money collected and received must be deposited in the highway user tax distribution fund, 20.5 percent must be deposited in the metropolitan area transit fund under section 16A.88, and 1.25 percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.~~

~~(c) From July 1, 2003, to June 30, 2007, 30 percent of the money collected and received must be deposited in the highway user tax distribution fund, 21.5 percent must be deposited in the metropolitan area transit fund under section 16A.88, 1.43 percent must be deposited in the greater Minnesota transit fund under section 16A.88, 0.65 percent must be deposited in the county state aid highway fund, and 0.17 percent must be deposited in the municipal state aid street fund.~~

~~The remaining money must be deposited in the general fund.~~

~~(d) On and after From July 1, 2007, 32 through June 30, 2008, 38.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 20.5 23 percent must be deposited in the metropolitan area transit fund account under section 16A.88, and 1.25 2.5 percent must be deposited in the greater Minnesota transit fund account under section 16A.88. The remaining money must be deposited in the general fund.~~

(c) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 26.5 percent in the metropolitan area transit account under section 16A.88, three percent in the greater Minnesota transit account under section 16A.88, and the remaining money in the general fund.

(d) From July 1, 2009, through June 30, 2010, 50.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 30 percent in the metropolitan area transit account, 3.5 percent in the greater Minnesota transit account, and the remaining money in the general fund.

(e) From July 1, 2010, through June 30, 2011, 56.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 33.75 percent in the metropolitan area transit account, 3.75 percent in the greater Minnesota transit account, and the remaining money in the general fund.

(f) On and after July 1, 2011, 60 percent of the money collected and received must be deposited in the highway user tax distribution fund, 36 percent in the metropolitan area transit account, and four percent in the greater Minnesota transit account.

Sec. 13. Minnesota Statutes 2006, section 473.446, subdivision 1, is amended to read:

Subdivision 1. **Metropolitan area transit tax.** (a) For the purposes of sections 473.405 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the council shall levy each year upon all taxable property within the metropolitan area, defined in section 473.121, subdivision 2, a transit tax consisting of:

(1) an amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council has specifically pledged tax levies under this clause; and

(2) an additional amount necessary to provide full and timely payment of certificates of indebtedness issued by the council, after consultation with the commissioner of finance, if revenues to the metropolitan area transit fund account in the fiscal year in which the indebtedness is issued increase over those revenues in the previous fiscal year by a percentage less than the percentage increase for the same period in the revised Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

(b) Indebtedness to which property taxes have been pledged under paragraph (a), clause (2), that is incurred in any fiscal year may not exceed the amount necessary to make up the difference between (1) the amount that the council received or expects to receive in that fiscal year from the metropolitan area transit fund account and (2) the amount the council received from that fund in the previous fiscal year multiplied by the percentage increase for the same period in the revised Consumer Price Index

for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

Sec. 14. **REPEALER.**

Minnesota Statutes 2006, section 174.32, is repealed.

**ARTICLE 4**

**COUNTY STATE-AID HIGHWAY FUND DISTRIBUTION**

Section 1. Minnesota Statutes 2006, section 162.06, is amended to read:

**162.06 ACCRUALS TO COUNTY STATE-AID HIGHWAY FUND; ACCOUNTS.**

Subdivision 1. **Estimate.** (a) By December 15 of each year the commissioner shall estimate the amount of money that will be available to the county state-aid highway fund during that fiscal year. The amount available must be based on actual receipts from July 1 through November 30, the unallocated fund balance, and the projected receipts for the remainder of the fiscal year. ~~The total amount available, except for deductions as provided herein,~~ shall be apportioned by the commissioner to the counties as ~~hereinafter~~ provided in section 162.07.

(b) For purposes of this section, the apportionment sum is the amount calculated in section 162.07, subdivision 1.

Subd. 2. **Administrative costs of department.** Two percent must be deducted from the ~~total amount available in the county state-aid highway fund apportionment sum,~~ set aside in a separate account, and used for administrative costs incurred by the state Transportation Department in carrying out the provisions relating to the county state-aid highway system.

Subd. 3. **Disaster account.** (a) After deducting administrative costs as provided in subdivision 2, the commissioner shall set aside each year ~~a sum of money equal to~~ one percent of the ~~remaining money in the county state-aid highway fund apportionment sum~~ to provide for a disaster account; provided that the total amount of money in the disaster account must never exceed two percent of the total sums to be apportioned to the counties. ~~This sum~~ The money must be used to provide aid to any county encountering disasters or unforeseen events affecting its county state-aid highway system, and resulting in an undue and burdensome financial hardship.

(b) Any county desiring aid by reason of disaster or unforeseen event shall request the aid in the form required by the commissioner. Upon receipt of the request, the commissioner shall appoint a board consisting of two representatives of the counties, who must be either a county engineer or member of a county board, from counties other than the requesting county, and a representative of the commissioner. The board shall investigate the matter and report its findings and recommendations in writing to the commissioner.

(c) Final determination of the amount of aid, if any, to be paid to the county from the disaster account must be made by the commissioner. Upon determining to aid a requesting county, the commissioner shall certify to the commissioner of finance the amount of the aid, and the commissioner of finance shall then issue a warrant in that amount payable to the county treasurer of the county. Money so paid must be expended on the county state-aid highway system in accordance with the rules of the commissioner.



Subd. 4. **Research account.** (a) Each year the screening board, provided for in section 162.07, subdivision 5, may recommend to the commissioner a sum of money that the commissioner shall set aside from the ~~county state-aid highway fund~~ apportionment sum and credit to a research account. The amount so recommended and set aside shall not exceed one-half of one percent of the preceding year's apportionment sum.

(b) Any money so set aside shall be used by the commissioner for the purpose of:

(1) conducting research for improving the design, construction, maintenance and environmental compatibility of state-aid highways and appurtenances;

(2) constructing research elements and reconstructing or replacing research elements that fail; and

(3) conducting programs for implementing and monitoring research results.

(c) Any balance remaining in the research account at the end of each year from the sum set aside for the year immediately previous, shall be transferred to the county state-aid highway fund.

Subd. 5. **State park road account.** After deducting for administrative costs and for the disaster account and research account as ~~heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted~~ provided in this section, the commissioner shall deduct a sum equal to the three-quarters of one percent of the ~~remainder~~ apportionment sum. The sum so deducted shall be set aside in a separate account and shall be used for (1) the establishment, location, relocation, construction, reconstruction, and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, section 162.02, subdivision 6, which border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which provide access to the headquarters of or the principal parking lot located within such a unit, and (2) the reconstruction, improvement, repair, and maintenance of county roads, city streets, and town roads that provide access to public lakes, rivers, state parks, and state campgrounds. Roads described in clause (2) are not required to meet county state-aid highway standards. At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as requested in the same manner as on any county state-aid highway and shall be reimbursed for such construction, reconstruction, or improvements from the amount set aside by this subdivision. Before requesting a county to do work on a county state-aid highway as provided in this subdivision, the commissioner of natural resources must obtain approval for the project from the County State-Aid Screening Board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project. Before requesting a county to do work on a county road, city street, or a town road that provides access to a public lake, a river, a state park, or a state campground, the commissioner of natural resources shall obtain a written comment on the project from the county engineer of the county requested to undertake the project. Any sums paid to counties or cities in accordance with this subdivision shall reduce the money needs of said counties or cities in the amounts necessary to equalize their status with those counties or cities not receiving such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.

Subd. 6. **County state-aid highway revolving loan account.** A county state-aid highway revolving loan account is created in the transportation revolving loan fund. The commissioner may transfer to the account the amount allocated under section 162.065. Money in the account

may be used to make loans. Funds in the county state-aid highway revolving loan account may be used only for aid in the construction, improvement, and maintenance of county state-aid highways. Funds in the account may not be used for any toll facilities project or congestion-pricing project. Repayments and interest from loans from the county state-aid highway revolving loan account must be credited to that account. Money in the account is annually appropriated to the commissioner and does not lapse. Interest earned from investment of money in this account must be deposited in the county state-aid highway revolving loan account.

Sec. 2. Minnesota Statutes 2006, section 162.07, subdivision 1, is amended to read:

Subdivision 1. **Formula Apportionment sum.** ~~After deducting for administrative costs and for the disaster account and research account and state park roads as heretofore provided, the remainder of the total sum provided for in section 162.06, subdivision 1, shall be identified as the apportionment sum and shall be apportioned by the commissioner to the several counties on the basis of the needs of the counties as determined in accordance with the following formula:~~

(a) The commissioner shall reduce the apportionment sum by the deductions provided for in section 162.06 for administrative costs, disaster account, research account, and state park road account. The commissioner shall apportion the remainder to the several counties on the basis of the needs of the counties, as provided in paragraphs (b) to (e).

~~(a)~~ (b) An amount equal to ten percent of the apportionment sum shall be apportioned equally among the 87 counties.

~~(b)~~ (c) An amount equal to ten percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

~~(c)~~ (d) An amount equal to 30 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its total lane-miles of approved county state-aid highways bears to the total lane-miles of approved statewide county state-aid highways. In 1997 and subsequent years no county may receive, as a result of an apportionment under this clause based on lane-miles rather than miles of approved county state-aid highways, an apportionment that is less than its apportionment in 1996.

~~(d)~~ (e) An amount equal to 50 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties; provided, that the percentage of such amount that each county is to receive shall be adjusted so that each county shall receive in 1958 a total apportionment at least ten percent greater than its total 1956 apportionments from the state road and bridge fund; and provided further that those counties whose money needs are thus adjusted shall never receive a percentage of the apportionment sum less than the percentage that such county received in 1958.

Sec. 3. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment sum and excess sum.** (a) For purposes of this subdivision, "amount available" means the amount identified in section 162.06, subdivision 1.

(b) The apportionment sum is calculated by subtracting the excess sum, as calculated in

paragraph (c), from the amount available.

(c) The excess sum is calculated as the sum of revenue within the amount available:

(1) attributed to that portion of the gasoline excise tax rate in excess of 20 cents per gallon, and to that portion of the excise tax rate for E85, M85, and special fuels in excess of the energy equivalent of a gasoline tax rate of 20 cents per gallon;

(2) attributed to a change in the passenger vehicle registration tax under section 168.013, imposed on or after July 1, 2007, that exceeds the amount collected in fiscal year 2007 multiplied by the annual average United States Consumer Price Index for all urban consumers, United States city average, as determined by the United States Department of Labor for the previous year, divided by the annual average for calendar year 2006; and

(3) attributed to that portion of the motor vehicle sales tax revenue in excess of the percentage allocated in fiscal year 2007.

Sec. 4. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision to read:

Subd. 1c. **Excess sum.** The commissioner shall apportion the excess sum to the several counties on the basis of the needs of the counties, as provided in paragraphs (a) and (b).

(a) An amount equal to 40 percent must be apportioned among the several counties so that each county receives of that amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

(b) An amount equal to 60 percent must be apportioned among the several counties so that each county receives of that amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties.

Sec. 5. **INSTRUCTION TO REVISOR.**

The revisor of statutes shall renumber Minnesota Statutes 2006, section 162.07, subdivision 1, as subdivision 1b.

## ARTICLE 5

### LOCAL OPTION TAXES

Section 1. Minnesota Statutes 2006, section 163.051, is amended to read:

#### **163.051 METROPOLITAN COUNTY WHEELAGE TAX.**

Subdivision 1. **Tax authorized.** The board of commissioners of each metropolitan county is authorized to levy by resolution a wheelage tax of \$5 for the year 1972 and each subsequent year thereafter by resolution or \$10 each year on each motor vehicle, except motorcycles as defined in section 169.01, subdivision 4, which is kept in such county when not in operation and which is that is domiciled in the county and subject to annual registration and taxation under chapter 168. A wheelage tax does not apply to motorcycles as defined in section 169.01, subdivision 4, and motorized bicycles registered under section 168.013, subdivision 1h. The board may provide by resolution for collection of the wheelage tax by county officials or ~~it may request that the tax be~~

collected by the ~~state registrar of motor vehicles~~ commissioner of public safety, and the ~~state registrar of motor vehicles~~ commissioner shall collect ~~such~~ the tax on behalf of the county if requested, ~~as provided in subdivision 2~~ provided in the board resolution.

Subd. 2. **Collection by ~~registrar of motor vehicles~~ commissioner of public safety.** The wheelage tax levied by any metropolitan county, if made collectible by the ~~state registrar of motor vehicles~~ commissioner of public safety, shall ~~must~~ be certified by the county auditor to the ~~registrar~~ commissioner not later than August 1 in the year before ~~the~~ a calendar year ~~or years~~ for which the tax is levied, and the ~~registrar~~ commissioner shall collect ~~such~~ the tax with the motor vehicle taxes registration tax on ~~the each~~ each affected ~~vehicles~~ vehicle for ~~such that~~ that year ~~or years~~. Every ~~An~~ owner and every operator of ~~such~~ a motor vehicle subject to the wheelage tax shall furnish ~~to the registrar~~ all information requested by the ~~registrar~~ commissioner relating to the wheelage tax. No ~~state motor~~ A vehicle registration tax on any such motor vehicle for any such year shall ~~may not~~ be received or deemed paid unless the applicable wheelage tax is paid therewith. ~~The proceeds of the wheelage tax levied by any metropolitan county, less any amount retained by the registrar to pay costs of collection of the wheelage tax, shall be paid to the commissioner of finance and deposited in the state treasury to the credit of the county wheelage tax fund of each metropolitan county.~~

Subd. 2a. **Tax proceeds deposited; costs of collection; appropriation.** Notwithstanding the provisions of any other law, the ~~state registrar of motor vehicles~~ commissioner of public safety shall deposit the proceeds of the wheelage tax imposed by subdivision 2, to the credit of the ~~county wheelage tax~~ road and bridge fund of each metropolitan county that levies the wheelage tax. The amount necessary to pay the costs of ~~collection of said~~ collecting the tax is appropriated to the commissioner of public safety from the ~~county wheelage tax~~ road and bridge fund of each metropolitan county ~~to the state registrar of motor vehicles~~ that levies the tax.

Subd. 3. **Distribution to metropolitan county; appropriation.** ~~On or before April 1 in 1972 and each subsequent year, the commissioner of finance shall issue a warrant in favor of the treasurer of each metropolitan county for which the registrar has collected a wheelage tax in the amount of such tax then on hand in the county wheelage tax fund. There is hereby appropriated from the county wheelage tax fund each year, to each metropolitan county entitled to payments authorized by this section, sufficient moneys to make such payments.~~

Subd. 4. **Use of tax.** ~~The treasurer of each metropolitan county receiving moneys under subdivision 3 shall deposit such moneys in the county road and bridge fund. The moneys shall be used for purposes authorized by law which are highway purposes within the meaning of the Minnesota Constitution, article 14.~~

Subd. 5. **Effect on road and bridge levy.** ~~The county auditor of each metropolitan county shall reduce the amount of the property taxes levied pursuant to law in 1973 for collection in 1974, by the board of commissioners of such county for the county road and bridge fund, by the following amount: Anoka County, \$341,750; Carver County, \$86,725; Dakota County, \$386,165; Hennepin County, \$2,728,425; Ramsey County, \$1,276,815; Scott County, \$104,805; Washington County, \$227,220, and shall spread only the balance thereof on the tax rolls for collection in 1972. The county auditor shall also reduce the amount of such taxes levied pursuant to law in 1972 and any subsequent year, for collection in the respective ensuing years, by the amount of wheelage taxes received by the county in the 12 months immediately preceding such levy.~~

Subd. 6. **Metropolitan county defined.** "Metropolitan county" means any of the counties of

Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 7. **Offenses; penalties; application of other laws.** Any owner or operator of a motor vehicle who ~~shall willfully give any~~ gives false information relative to the wheelage tax herein authorized to the registrar of motor vehicles commissioner of public safety or any metropolitan county, or who shall willfully fail fails or refuse refuses to furnish any such information, shall be is guilty of a misdemeanor. Except as otherwise herein provided in this section, the collection and payment of a wheelage tax and all related matters relating thereto shall be are subject to all provisions of law laws relating to collection and payment of motor vehicle taxes so far as applicable.

Sec. 2. Minnesota Statutes 2006, section 168.011, subdivision 6, is amended to read:

Subd. 6. **Tax.** "Tax" means the annual registration tax imposed on vehicles in lieu of all other taxes, except wheelage taxes which may be imposed by any city or metropolitan county, and gross earnings taxes paid by companies. The annual tax is both a property tax and a highway use tax and shall be on the basis of the calendar year.

Sec. 3. Minnesota Statutes 2006, section 168.013, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** Motor vehicles, except as set forth in section 168.012, using the public streets or highways in the state, and park trailers taxed under subdivision 1j, shall be taxed in lieu of all other taxes thereon, except wheelage taxes, ~~so-called,~~ which may be imposed by any city or metropolitan county as provided by law, and except gross earnings taxes paid by companies subject or made subject thereto, and shall be privileged to use the public streets and highways, on the basis and at the rate for each calendar year as hereinafter provided.

Sec. 4. [297A.992] METROPOLITAN TRANSPORTATION SALES AND USE TAX.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "metropolitan transportation area" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington participating in the joint powers agreement under subdivision 3, and includes any eligible county that declares by resolution of its county board to be a part of the metropolitan transportation area;

(2) "eligible county" means a county that is adjacent to any county that is part of the metropolitan transportation area;

(3) "committee" means the Grant Evaluation and Ranking System (GEARS) Committee; and

(4) "population" means the population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the calendar year in which the representatives will serve on the committee established under subdivision 5.

Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the boards of the counties acting under a joint powers agreement as specified in this section may impose (1) a transportation sales and use tax within the metropolitan transportation area at a rate of one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the

taxing authority. The taxes authorized are to fund transportation improvements as specified in this section.

(b) The tax imposed under this section is not included in determining if the total tax on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, or in determining a tax that may be imposed under any other limitations.

Subd. 3. **Joint powers agreement.** Before imposing the taxes authorized under subdivision 2, each participating metropolitan county, as defined in section 473.121, subdivision 4, must enter into a joint powers agreement to create the joint powers board. A joint powers agreement under this section:

(1) must provide a process that allows an eligible county, by resolution of its county board, to join the joint powers board and impose the taxes authorized under subdivision 2;

(2) may provide for withdrawal of a participating county before final termination of the agreement; and

(3) may provide for a weighted-voting system for joint powers board decisions.

Subd. 4. **Joint powers board.** (a) The joint powers board must consist of one or more representatives of each county that is in the metropolitan transportation area, appointed by its county board. The joint powers board has the powers and duties provided in this section and in section 471.59.

(b) The joint powers board may not utilize more than one-half of one percent of the proceeds of the taxes imposed under this section to reimburse counties for ordinary administrative expenses incurred in carrying out the provisions of this section. Any additional administrative expenses must be paid by the counties.

(c) The joint powers board shall establish a grant application process and identify the amount of available funding for grant awards. Grant applications must be submitted in a form prescribed by the joint powers board. An applicant must provide, in addition to all other information required by the joint powers board, the estimated cost of the project, the amount of the grant sought, possible sources of funding in addition to the grant sought, and identification of any federal funds that will be utilized if the grant is awarded.

(d) The joint powers board may establish a technical advisory group of city, county, or public agency representatives that is separate from the grant evaluation and ranking system committee. The technical advisory group must be used solely for technical consultation purposes.

(e) After the deductions allowed in section 297A.99, subdivision 11, the commissioner of revenue shall remit the proceeds of the taxes imposed under this section to the joint powers board.

Subd. 5. **Grant evaluation and ranking system committee; grant awards.** (a) The joint powers board shall establish a timeline and procedures for the award of grants, and shall define objective criteria for the award of grants. Objective criteria must include, but not be limited to, consistency with the most recent version of the transportation policy plan adopted by the Metropolitan Council under section 473.146. The joint powers board shall maximize the availability and use of federal funds in projects funded under this section.

(b) The joint powers board shall establish a grant evaluation and ranking system committee, which must consist of:

(1) one county commissioner from each county that is in the metropolitan transportation area, appointed by its county board;

(2) one elected city representative from each county that is in the metropolitan transportation area; and

(3) one additional elected city representative from each county for every additional 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in population.

(c) Each elected city representative must be appointed by agreement among the several cities in the county.

(d) The committee shall evaluate grant applications following objective criteria established by the joint powers board, and must provide to the joint powers board a selection list of transportation projects that includes a priority ranking.

(e) Grants must be funded by the proceeds of the taxes imposed under this section, or bonds or other obligations issued by the joint powers board.

(f) Notwithstanding the provisions of this subdivision, in fiscal year 2009, the joint powers board shall allocate at least \$18,850,000 of any revenues collected under this section to the Metropolitan Council for operating assistance for transit.

Subd. 6. **Use of grant awards.** (a) The joint powers board may only award grants to the state and political subdivisions, and must annually allocate the awards as follows:

(1) no less than 25 percent for construction or reconstruction of trunk highways or local roads of regional significance;

(2) no less than 50 percent for transit, for the following purposes:

(i) capital improvements to transit ways, including commuter rail, rolling stock, light rail vehicles, and transit way buses;

(ii) capital costs for park-and-ride facilities, as defined in section 174.256, subdivision 2;

(iii) feasibility studies, planning, alternatives analyses, environmental studies, engineering, property acquisition for transit way purposes, and construction of transit ways; and

(iv) operating assistance for transit ways; and

(3) 25 percent for (i) any of the purposes specified in clauses (1) and (2), and (ii) planning, studies, design, construction, maintenance, and operation of pedestrian programs and bicycle programs and pathways.

(b) No more than five percent of the awards may be annually allocated for the purposes specified in paragraph (a), clause (3), item (ii).

Subd. 7. **Administration, collection, enforcement.** The administration, collection, and enforcement provisions in section 297A.99, subdivisions 4 and 6 to 12, apply to all taxes imposed

under this section.

Subd. 8. **Report.** In each year in which the taxes authorized in this section are imposed, the joint powers board shall report by February 1 to the house of representatives and senate committees having jurisdiction over transportation policy and finance concerning the revenues received and grants awarded.

Subd. 9. **Grant awards to Metropolitan Council.** Any grant award under this section made to the Metropolitan Council must supplement, and to no extent supplant, operating and capital assistance provided by the state.

Sec. 5. **[297A.993] GREATER MINNESOTA TRANSPORTATION SALES AND USE TAX.**

Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more than one county outside the metropolitan transportation area acting under a joint powers agreement, may impose (1) a transportation sales tax at a rate of one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority. The taxes imposed under this section are subject to approval by a majority of the voters of the county or counties at a general election who vote on the question to impose the taxes.

Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated exclusively to payment of the cost of a specific transportation project or improvement. The transportation project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. The taxes must terminate after the project or improvement has been completed.

Subd. 3. **Administration, collection, enforcement.** The administration, collection, and enforcement provisions in section 297A.99, subdivisions 4 and 6 to 12, apply to all taxes imposed under this section.

## ARTICLE 6

### DEPARTMENT OF PUBLIC SAFETY SERVICE FEES

Section 1. Minnesota Statutes 2006, section 168.12, subdivision 5, is amended to read:

Subd. 5. **Additional fee.** (a) In addition to any fee otherwise authorized or any tax otherwise imposed upon any vehicle, the payment of which is required as a condition to the issuance of any plate or plates, the commissioner shall impose the fee specified in paragraph (b) that is calculated to cover the cost of manufacturing and issuing the plate or plates, except for plates issued to disabled veterans as defined in section 168.031 and plates issued pursuant to section 168.124, 168.125, or 168.27, subdivisions 16 and 17, for passenger automobiles. ~~The commissioner shall issue graphic design plates only for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.~~

(b) Unless otherwise specified or exempted by statute, the following plate and validation sticker fees apply for the original, duplicate, or replacement issuance of a plate in a plate year:



Sequential Regular Double Plate	\$	4.25
Sequential Special Plate Double	\$	7.00
Sequential Regular Single Plate	\$	3.00
Sequential Special Plate Single	\$	5.50
Utility Trailer Self-Adhesive Plate	\$	2.50
Nonsequential Double Plate	\$	14.00
Nonsequential Single Plate	\$	10.00
Duplicate Sticker	\$	1.00

<u>License Plate</u>		<u>Single</u>		<u>Double</u>
<u>Regular and Disability</u>	\$	<u>4.50</u>	\$	<u>6.00</u>
<u>Special</u>	\$	<u>8.50</u>	\$	<u>10.00</u>
<u>Personalized (Replacement)</u>	\$	<u>10.00</u>	\$	<u>14.00</u>
<u>Collector Category</u>	\$	<u>13.50</u>	\$	<u>15.00</u>
<u>Emergency Vehicle Display</u>	\$	<u>3.00</u>	\$	<u>6.00</u>
<u>Utility Trailer Self-Adhesive</u>	\$	<u>2.50</u>		
<u>Stickers</u>				
<u>Duplicate Year</u>	\$	<u>1.00</u>	\$	<u>1.00</u>
<u>International Fuel Tax Agreement</u>			\$	<u>2.50</u>

(c) For vehicles that require two of the categories above, the registrar shall only charge the higher of the two fees and not a combined total.

Sec. 2. Minnesota Statutes 2006, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of \$5.50 \$6.25 of which \$2.50 \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705;

(4) for each assignment of a security interest when first noted on a certificate of title, unless

noted concurrently with the security interest, the sum of \$1;

(5) for issuing a duplicate certificate of title, the sum of ~~\$6.50~~ \$7.25 of which ~~\$2.50~~ \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705.

(b) After June 30, 1994, in addition to each of the fees required under paragraph (a), clauses (1) and (3), the department must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Sec. 3. Minnesota Statutes 2006, section 171.02, subdivision 3, is amended to read:

Subd. 3. **Motorized bicycle.** (a) A motorized bicycle may not be operated on any public roadway by any person who does not possess a valid driver's license, unless the person has obtained a motorized bicycle operator's permit or motorized bicycle instruction permit from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The instruction permit may be issued to any person who has attained the age of 15 years and who has successfully completed an approved safety course and passed the written portion of the examination prescribed by the commissioner.

(b) This course must consist of, but is not limited to, a basic understanding of:

- (1) motorized bicycles and their limitations;
- (2) motorized bicycle laws and rules;
- (3) safe operating practices and basic operating techniques;
- (4) helmets and protective clothing;
- (5) motorized bicycle traffic strategies; and
- (6) effects of alcohol and drugs on motorized bicycle operators.

(c) The commissioner may adopt rules prescribing the content of the safety course, examination, and the information to be contained on the permits. A person operating a motorized bicycle under a motorized bicycle permit is subject to the restrictions imposed by section 169.974, subdivision 2, on operation of a motorcycle under a two-wheel instruction permit.

(d) The fees for motorized bicycle operator's permits are as follows:

- |   |                                |
|---|--------------------------------|
| (1) Examination and operator's permit, valid for one year         | \$ <del>6</del> <u>6.75</u>    |
| (2) Duplicate   | \$ <del>3</del> <u>3.75</u>    |
| (3) Renewal permit before age 21 and valid until age 21           | \$ <del>9</del> <u>9.75</u>    |
| (4) Renewal permit age 21 or older and valid for four years       | \$ <del>15</del> <u>15.75</u>  |
| (5) Duplicate of any renewal permit                               | \$ <del>4.50</del> <u>5.25</u> |
| (6) Written examination and instruction permit, valid for 30 days | \$ <del>6</del> <u>6.75</u>    |

Sec. 4. Minnesota Statutes 2006, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

<del>Classified Driver's License</del>	<del>D-\$21.50</del>	<del>C-\$25.50</del>	<del>B-\$32.50</del>	<del>A-\$40.50</del>
<del>Classified Under-21 D.L.</del>	<del>D-\$21.50</del>	<del>C-\$25.50</del>	<del>B-\$32.50</del>	<del>A-\$20.50</del>
<u>Classified Driver's License</u>	<u>D-\$22.25</u>	<u>C-\$26.25</u>	<u>B-\$33.25</u>	<u>A-\$41.25</u>
<u>Classified Under-21 D.L.</u>	<u>D-\$22.25</u>	<u>C-\$26.25</u>	<u>B-\$33.25</u>	<u>A-\$21.25</u>
Instruction Permit			\$9.50	<u>\$10.25</u>
Provisional License			\$12.50	<u>\$13.25</u>
Duplicate License or duplicate identification card			\$11.00	<u>\$11.75</u>
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a			\$15.50	<u>\$16.25</u>

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner shall collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

Sec. 5. Minnesota Statutes 2006, section 171.07, subdivision 3a, is amended to read:

Subd. 3a. **Identification cards for seniors.** A Minnesota identification card issued to an applicant 65 years of age or over shall be of a distinguishing color and plainly marked "senior." The fee for the card issued to an applicant 65 years of age or over shall be one-half the required fee for a class D driver's license rounded down to the nearest quarter dollar. A Minnesota identification card or a Minnesota driver's license issued to a person 65 years of age or over shall be valid identification for the purpose of qualifying for reduced rates, free licenses or services provided by any board, commission, agency or institution that is wholly or partially funded by state appropriations.

Sec. 6. Minnesota Statutes 2006, section 171.07, subdivision 11, is amended to read:

Subd. 11. **Standby or temporary custodian.** (a) Upon the written request of the applicant and upon payment of an additional fee of ~~\$3.50~~ \$4.25, the department shall issue a driver's license or Minnesota identification card bearing a symbol or other appropriate identifier indicating that

the license holder has appointed an individual to serve as a standby or temporary custodian under chapter 257B.

(b) The request must be accompanied by a copy of the designation executed under section 257B.04.

(c) The department shall maintain a computerized records system of all individuals listed as standby or temporary custodians by driver's license and identification card applicants. This data must be released to appropriate law enforcement agencies under section 13.69. Upon a parent's request and payment of a fee of ~~\$3.50~~ \$4.25, the department shall revise its list of standby or temporary custodians to reflect a change in the appointment.

(d) At the request of the license or cardholder, the department shall cancel the standby or temporary custodian indication without additional charge. However, this paragraph does not prohibit a fee that may be applicable for a duplicate or replacement license or card, renewal of a license, or other service applicable to a driver's license or identification card.

(e) Notwithstanding sections 13.08, subdivision 1, and 13.69, the department and department employees are conclusively presumed to be acting in good faith when employees rely on statements made, in person or by telephone, by persons purporting to be law enforcement and subsequently release information described in paragraph (b). When acting in good faith, the department and department personnel are immune from civil liability and not subject to suit for damages resulting from the release of this information.

(f) The department and its employees:

(1) have no duty to inquire or otherwise determine whether a designation submitted under this subdivision is legally valid and enforceable; and

(2) are immune from all civil liability and not subject to suit for damages resulting from a claim that the designation was not legally valid and enforceable.

(g) Of the fees received by the department under this subdivision:

(1) Up to \$61,000 received must be deposited in the general fund.

(2) All other fees must be deposited in the driver services operating account in the special revenue fund specified in section 299A.705.

Sec. 7. Minnesota Statutes 2006, section 171.20, subdivision 4, is amended to read:

**Subd. 4. Reinstatement fee.** (a) Before the license is reinstated, (1) an individual whose driver's license has been suspended under section 171.16, subdivisions 2 and 3; 171.175; 171.18; or 171.182, or who has been disqualified from holding a commercial driver's license under section 171.165, and (2) an individual whose driver's license has been suspended under section 171.186 and who is not exempt from such a fee, must pay a fee of \$20.

(b) Before the license is reinstated, an individual whose license has been suspended under sections 169.791 to 169.798 must pay a \$20 reinstatement fee.

(c) When fees are collected by a licensing agent appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement

fee and surcharge must be deposited in an approved state depository as directed under section 171.061, subdivision 4.

(d) Reinstatement fees collected under paragraph (a) for suspensions under sections 171.16, subdivision 3, and 171.18, subdivision 1, clause (10), must be deposited in the special revenue fund and are appropriated to the Peace Officer Standards and Training Board for peace officer training reimbursement to local units of government.

(e) A suspension may be rescinded without fee for good cause.

Sec. 8. Minnesota Statutes 2006, section 299D.09, is amended to read:

**299D.09 ESCORT SERVICE; APPROPRIATION; RECEIPTS.**

Fees charged for escort services provided by the State Patrol are annually appropriated to the commissioner of public safety to administer and provide these services.

The fees charged for services provided by the State Patrol with a vehicle are \$73.60 an hour in fiscal year 2008 and \$75.76 an hour in fiscal year 2009 and thereafter. The fees charged for services provided without a vehicle are \$54.00 an hour in fiscal year 2008 and \$56.16 an hour in fiscal year 2009 and thereafter.

The fees charged for State Patrol flight services are \$140 an hour for a fixed wing aircraft, \$490 an hour for a helicopter, and \$600 an hour for the Queen Air.

**ARTICLE 7**

**OTHER TRANSPORTATION ACTIVITIES**

Section 1. Minnesota Statutes 2006, section 161.081, subdivision 3, is amended to read:

Subd. 3. **Flexible highway account; turnback accounts.** (a) The flexible highway account is created in the state treasury. Money in the account may be used ~~either for the~~ the

(1) restoration of former trunk highways that have reverted to counties or to statutory or home rule charter cities or for regular trunk highway purposes, or for trunk highways that will be restored and subsequently turned back by agreement between the commissioner and the local road authority;

(2) safety improvements on county highways, municipal highways, streets, or town roads; and

(3) routes of regional significance.

(b) For purposes of this subdivision, "restoration" means the level of effort required to improve the route that will be turned back to an acceptable condition as determined by agreement made between the commissioner and the county or city before the route is turned back.

(c) The commissioner shall review the need for funds to restore highways that have been or will be turned back ~~and the need for funds for the trunk highway system.~~ The commissioner shall determine, on a biennial basis, the percentage of this flexible account to be distributed to each district and within each district the percentage to be used for county turnbacks, for municipal turnbacks, ~~and for regular trunk highway projects~~ for trunk highways that will be restored and subsequently turned back to local governments, by agreement between the commissioner and the local road authority, for safety improvements, and for routes of regional significance. Money in the account may be used for

safety improvements and routes of regional significance only after money is set aside to restore the identified turnbacks. The commissioner shall make ~~this determination~~ these determinations only after meeting and holding discussions with committees selected by the statewide associations of both county commissioners and municipal officials.

(d) Money that will be used for the restoration of trunk highways that have reverted or that will revert to cities must be deposited in the municipal turnback account, which is created in the state treasury.

(e) Money that will be used for the restoration of trunk highways that have reverted or that will revert to counties must be deposited in the county turnback account, which is created in the state treasury.

(f) Money that will be used for safety improvements must be deposited in the highway safety improvement account, which is created in the state treasury to be used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads to reduce crashes, deaths, injuries, and property damage.

(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.

(h) As part of each biennial budget submission to the legislature, the commissioner shall describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, ~~and the trunk highway fund~~ for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account.

~~(g) Money apportioned from the flexible highway account to the trunk highway fund must be used for state road construction and engineering costs.~~

**EFFECTIVE DATE.** Paragraph (h) is effective January 1, 2009, and the remainder of this section is effective July 1, 2009.

Sec. 2. Minnesota Statutes 2006, section 171.29, subdivision 2, is amended to read:

Subd. 2. **Reinstatement fees and surcharges allocated and appropriated.** (a) An individual whose driver's license has been revoked as provided in subdivision 1, except under section 169A.52, 169A.54, or 609.21, must pay a \$30 fee before the driver's license is reinstated.

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 609.21, must pay a \$250 fee plus a ~~\$40~~ \$430 surcharge before the driver's license is reinstated, except as provided in paragraph (f). ~~Beginning July 1, 2002, the surcharge is \$145. Beginning July 1, 2003, the surcharge is \$430.~~ The \$250 fee is to be credited as follows:

(1) Twenty percent must be credited to the driver services operating account in the special revenue fund as specified in section 299A.705.

(2) Sixty-seven percent must be credited to the general fund.

(3) Eight percent must be credited to a separate account to be known as the Bureau of Criminal Apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount must be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065.

(4) Five percent must be credited to a separate account to be known as the vehicle forfeiture account, which is created in the special revenue fund. The money in the account is annually appropriated to the commissioner for costs of handling vehicle forfeitures.

(c) The revenue from \$50 of ~~each~~ the surcharge must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The revenue from \$50 of the surcharge on a reinstatement under paragraph (f) is credited from the first installment payment to the traumatic brain injury and spinal cord injury account. The money in the account is annually appropriated to the commissioner of health to be used as follows: 83 percent for contracts with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 17 percent to maintain the traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this paragraph, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

(1) the promotion of public, family, survivor, and professional awareness of the incidence and consequences of traumatic brain injury;

(2) the provision of a network of support for persons with traumatic brain injury, their families, and friends;

(3) the development and support of programs and services to prevent traumatic brain injury;

(4) the establishment of education programs for persons with traumatic brain injury; and

(5) the empowerment of persons with traumatic brain injury through participation in its governance.

A patient's name, identifying information, or identifiable medical data must not be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian or, if the patient is a minor, of the parent or guardian of the patient.

(d) The remainder of the surcharge must be credited to a separate account to be known as the remote electronic alcohol-monitoring program account. The commissioner shall transfer the balance of this account to the commissioner of finance on a monthly basis for deposit in the general fund.

(e) When these fees are collected by a licensing agent, appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fees and surcharge must be deposited in an approved depository as directed under section 171.061, subdivision 4.

(f) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52 or 169A.54 and who the court certifies as being financially eligible for a public defender under section 611.17, may choose to pay 50 percent and an additional \$25 of the total amount of the

surcharge and 50 percent of the fee required under paragraph (b) to reinstate the person's driver's license, provided the person meets all other requirements of reinstatement. If a person chooses to pay 50 percent of the total and an additional \$25, the driver's license must expire after two years. The person must pay an additional 50 percent less \$25 of the total to extend the license for an additional two years, provided the person is otherwise still eligible for the license. After this final payment of the surcharge and fee, the license may be renewed on a standard schedule, as provided under section 171.27. A handling charge may be imposed for each installment payment. Revenue from the handling charge is credited to the driver services operating account in the special revenue fund and is appropriated to the commissioner.

(g) Any person making installment payments under paragraph (f), whose driver's license subsequently expires, or is canceled, revoked, or suspended before payment of 100 percent of the surcharge and fee, must pay the outstanding balance due for the initial reinstatement before the driver's license is subsequently reinstated. Upon payment of the outstanding balance due for the initial reinstatement, the person may pay any new surcharge and fee imposed under paragraph (b) in installment payments as provided under paragraph (f).

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 3. Minnesota Statutes 2006, section 174.03, subdivision 9, is amended to read:

Subd. 9. **Forecast of revenues and expenditures.** In cooperation with the Department of Finance and as required by section 16A.103, the commissioner shall prepare in February and November of each year a forecast of highway user tax distribution fund and trunk highway fund revenues and expenditures. The forecast must include an analysis of economic information and the potential impact on highway user fund revenues, historical growth rate information, and other variables affecting revenue assumptions and forecasted future growth rates. The forecast must include an analysis of trunk highway bonding and the necessary debt service payments, and assumptions regarding federal transportation funds. The commissioner shall review the forecast information with the chairs of the senate and house of representatives committees with jurisdiction over finance, ways and means, and transportation finance and with legislative fiscal staff no later than ~~two weeks before~~ one week following the release of the forecast is released and shall inform the chairs and staff of changes made from previous forecasts.

Sec. 4. **[398A.10] TRANSIT FUNDING.**

Subdivision 1. **Capital costs.** A county regional railroad authority may not contribute more than ten percent of the capital costs on a transit project. For purposes of this section, "transit project" includes, but is not limited to, light rail transit, bus, bus rapid transit, and commuter rail.

Subd. 2. **Operating and maintenance costs.** A county regional railroad authority may not contribute any funds to pay the operating and maintenance costs for a transit project, as defined in subdivision 1. If a county regional railroad authority is contributing funds for operating and maintenance costs on a transit project on the date of the enactment of this act, the authority may continue to contribute funds for these purposes until January 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 473.388, subdivision 4, is amended to read:

Subd. 4. **Financial assistance.** (a) The council must grant the requested financial assistance if it determines that the proposed service is intended to replace the service to the applying city or



town or combination thereof by the council and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

(b) The amount of assistance which the council must provide to a system under this section may not be less than the sum of the amounts determined for each municipality comprising the system as follows:

(1) the transit operating assistance grants received under this subdivision by the municipality in calendar year 2001 or the tax revenues for transit services levied by the municipality for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the municipality's aid under section 273.1398, subdivision 2, attributable to the transit levy; times

(2) the ratio of (i) ~~the appropriation from the transit fund to the council for nondebt transit operations~~ an amount equal to 3.74 percent of the state revenues generated from the taxes imposed under chapter 297B for the current fiscal year to (ii) the total levy certified by the council under section 473.446 and the opt-out transit operating assistance grants received under this subdivision in calendar year 2001 or the tax revenues for transit services levied by all replacement service municipalities under this section for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable to nondebt transit levies, times

(3) the ratio of (i) ~~the municipality's total taxable market value for taxes payable in the most recent year for which data is available~~ 2006 divided by the municipality's total taxable market value for taxes payable in 2001, to (ii) ~~the total taxable market value of all property in the metropolitan area located in replacement service municipalities for taxes payable in the most recent year for which data is available~~ 2006 divided by the total taxable market value of all property ~~in the metropolitan area~~ located in replacement service municipalities for taxes payable in 2001.

(c) The council shall pay the amount to be provided to the recipient from the funds the council ~~would otherwise use to fund its transit operations~~ receives in the metropolitan area transit account under section 16A.88."

Delete the title and insert:

"A bill for an act relating to transportation finance; appropriating money for transportation, Metropolitan Council, and public safety activities; providing for grants, a pilot project, a task force, fund transfers, general contingent accounts, highway debt service, local roads, town road signs, planning for the Republican National Convention, and tort claims; authorizing sale and issuance of trunk highway bonds for highways, transportation facilities, and transit facilities; modifying motor fuel and registration taxes; allocating motor vehicle sales and lease tax revenues; modifying county state-aid allocation formula; modifying metropolitan county wheelage tax; authorizing local transportation sales and use taxes; modifying fees for license plates, drivers' licenses, identification cards, and state patrol escort and flight services; modifying provisions relating to various transportation-related funds and accounts; providing for transit and other transportation-related activities; making technical and clarifying changes; amending Minnesota Statutes 2006, sections 16A.88; 161.081, subdivision 3; 162.06; 162.07, subdivision 1, by adding subdivisions; 163.051; 168.011, subdivision 6; 168.013, subdivisions 1, 1a; 168.017, subdivision 3; 168.12, subdivision 5; 168A.29, subdivision 1; 171.02, subdivision 3; 171.06, subdivision 2;

171.07, subdivisions 3a, 11; 171.20, subdivision 4; 171.29, subdivision 2; 174.03, subdivision 9; 174.24, subdivisions 1, 3b, 5; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.64, subdivision 2; 297A.815, by adding a subdivision; 297A.94; 297B.09, subdivision 1; 299D.09; 473.388, subdivision 4; 473.446, subdivision 1; Laws 2005, First Special Session chapter 6, article 1, section 4, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 296A; 297A; 398A; repealing Minnesota Statutes 2006, section 174.32."

We request the adoption of this report and repassage of the bill.

House Conferees: (Signed) Bernard Lieder, Frank Hornstein, Melissa Hortman, Terry Morrow, Ron Erhardt

Senate Conferees: (Signed) Steve Murphy, D. Scott Dibble, Katie Sieben, Jim Carlson, Terri E. Bonoff

Senator Murphy moved that the foregoing recommendations and Conference Committee Report on H.F. No. 946 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Jungbauer moved that the recommendations and Conference Committee Report on H.F. No. 946 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Senator Murphy imposed a call of the Senate for the balance of the proceedings on H.F. No. 946. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Jungbauer motion.

Senator Murphy moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 21 and nays 39, as follows:

Those who voted in the affirmative were:

Day	Gimse	Koering	Ortman	Wergin
Dille	Hann	Limmer	Pariseau	
Fischbach	Ingebrigtsen	Michel	Robling	
Frederickson	Jungbauer	Neuville	Senjem	
Gerlach	Koch	Olson, G.	Vanderveer	

Those who voted in the negative were:

Anderson	Dibble	Latz	Olson, M.	Sheran
Bakk	Doll	Lourey	Pappas	Sieben
Betzold	Erickson Ropes	Lynch	Pogemiller	Skoe
Bonoff	Foley	Marty	Prettner Solon	Skogen
Carlson	Higgins	Metzen	Rest	Sparks
Chaudhary	Kubly	Moua	Rummel	Vickerman
Clark	Langseth	Murphy	Saltzman	Wiger
Cohen	Larson	Olseen	Saxhaug	

The motion did not prevail.

The question recurred on the motion of Senator Murphy that the foregoing recommendations

and Conference Committee Report on H.F. No. 946 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 946 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Larson	Pappas	Skoe
Bakk	Doll	Latz	Pogemiller	Skogen
Berglin	Erickson Ropes	Lourey	Prettner Solon	Sparks
Betzold	Foley	Lynch	Rest	Tomassoni
Bonoff	Frederickson	Marty	Rummel	Torres Ray
Carlson	Gimse	Metzen	Saltzman	Vickerman
Chaudhary	Higgins	Moua	Saxhaug	Wiger
Clark	Jungbauer	Murphy	Scheid	
Cohen	Kubly	Olseen	Sheran	
Dibble	Langseth	Olson, M.	Sieben	

Those who voted in the negative were:

Day	Ingebrigtsen	Michel	Pariseau	Wergin
Fischbach	Koch	Neuville	Robling	
Gerlach	Koering	Olson, G.	Senjem	
Hann	Limmer	Ortman	Vandev eer	

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

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Senjem moved that his name be stricken as a co-author to S.F. No. 886. The motion prevailed.

Senator Berglin moved that H.F. No. 1078, No. 7 on General Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

Senator Tomassoni moved that H.F. No. 122, No. 16 on General Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

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

### **GENERAL ORDERS**

The Senate resolved itself into a Committee of the Whole, with Senator Rest in the chair.

After some time spent therein, the committee arose, and Senator Metzen reported that the committee had considered the following:

S.F. No. 886, which the committee recommends to pass.

S.F. No. 653, which the committee recommends to pass, after the following motion:

The question was taken on the recommendation to pass S.F. No. 653.

The roll was called, and there were yeas 44 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Lourey	Pappas	Sheran
Bakk	Doll	Lynch	Pogemiller	Sieben
Berglin	Erickson Ropes	Marty	Prettner Solon	Skoe
Betzold	Foley	Metzen	Rest	Skogen
Bonoff	Higgins	Moua	Robling	Tomassoni
Carlson	Kubly	Murphy	Rummel	Torres Ray
Chaudhary	Langseth	Neuville	Saltzman	Vickerman
Clark	Larson	Olseen	Saxhaug	Wiger
Cohen	Latz	Olson, M.	Scheid	

Those who voted in the negative were:

Day	Gerlach	Jungbauer	Olson, G.	Sparks
Dille	Gimse	Koch	Ortman	Vandever
Fischbach	Hann	Koering	Pariseau	Wergin
Frederickson	Ingebrigtsen	Limmer	Senjem	

The motion prevailed. So S.F. No. 653 was recommended to pass.

On motion of Senator Pogemiller, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

### RECESS

Senator Pogemiller 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 Pogemiller from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 596: Senators Olson, M.; Moua; Metzen; Betzold and Limmer.

S.F. No. 1131: Senators Chaudhary, Saxhaug and Pariseau.

S.F. No. 145: Senators Prettner Solon, Kubly, Dibble, Carlson and Rosen.

Senator Pogemiller moved that the foregoing appointments be approved. The motion prevailed.

### RECESS

Senator Pogemiller 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.

### 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 and First Reading of House Bills.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

**S.F. No. 596:** A bill for an act relating to data practices; clarifying duties and classifications; making technical changes; providing for access to and classifications of data; amending Minnesota Statutes 2006, sections 13.02, subdivisions 8, 11; 13.04, subdivisions 3, 4; 13.05, subdivision 10; 13.072, subdivision 1; 13.08, subdivision 4; 13.32, subdivision 5; 13.35; 13.355, subdivision 1; 13.384, subdivisions 1, 2; 13.39, subdivisions 1, 2, 2a, 3; 13.392, subdivision 1; 13.393; 13.40, subdivisions 1, 3; 13.41, subdivision 3; 13.43, subdivisions 2, 5, 7, 9, 10, 11; 13.435; 13.44, subdivisions 1, 2, 3; 13.462; 13.48; 13.4965, subdivision 3; 13.552, subdivision 3; 13.591, subdivision 4; 13.72, by adding subdivisions; 13.861, subdivision 1; 13.87, subdivisions 1, 2; 84.0274, subdivision 5; 122A.33, subdivision 3; 171.07, subdivision 1a; 270B.01, subdivision 8; 270B.02, subdivision 3; 270B.085, by adding a subdivision; 270B.14, subdivision 3; 273.1315; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 2006, section 13.79, subdivision 2.

There has been appointed as such committee on the part of the House:

Simon, Hilstrom, Hortman, Kahn and Holberg.

Senate File No. 596 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 14, 2007

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

**S.F. No. 145:** A bill for an act relating to energy; providing for community-based energy development; requiring a plan to reduce greenhouse gas emissions; amending Minnesota Statutes 2006, sections 216B.1612, subdivisions 1, 2, 3, 5, by adding a subdivision; 216B.1691, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 216F.

There has been appointed as such committee on the part of the House:

Hilty; Peterson, A.; Ruud; Kalin and Berns.

Senate File No. 145 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 14, 2007

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

**S.F. No. 1131:** A bill for an act relating to game and fish; modifying Lake Superior commercial fishing provisions; amending Minnesota Statutes 2006, section 97C.835, subdivisions 1, 3, 8; proposing coding for new law in Minnesota Statutes, chapter 97C.

There has been appointed as such committee on the part of the House:

Dill, Eken and Ozment.

Senate File No. 1131 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 14, 2007

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 548, 1063, 2268 and 2245.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 14, 2007

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

**H.F. No. 548:** A bill for an act relating to state government; requiring state agencies to consider former employees before contracting out previously eliminated jobs; amending Minnesota Statutes 2006, section 16C.08, subdivision 2.

Senator Pogemiller moved that H.F. No. 548 be referred to the Committee on Rules and Administration. The motion prevailed.

**H.F. No. 1063:** A bill for an act relating to environment; adopting the Uniform Environmental Covenants Act; amending Minnesota Statutes 2006, sections 115.072; 115B.17, subdivision 15; proposing coding for new law as Minnesota Statutes, chapter 114E.

Senator Pogemiller moved that H.F. No. 1063 be referred to the Committee on Rules and

Administration. The motion prevailed.

**H.F. No. 2268:** A bill for an act relating to public finance; providing terms and conditions related to the issuance of obligations and the financing of public improvements and services; extending the time for certain publications of notices; authorizing and validating trusts to pay public postemployment benefits; amending Minnesota Statutes 2006, sections 118A.03, subdivision 3; 123B.61; 204B.46; 275.61, subdivision 1; 331A.05, subdivision 2; 365A.02; 365A.04; 365A.08; 365A.095; 373.01, subdivision 3; 373.40, subdivision 4; 375B.09; 383B.117, subdivision 2; 383B.77, subdivisions 1, 2; 410.32; 412.301; 428A.02, subdivision 1; 453A.02, subdivision 3; 473.39, by adding subdivisions; 475.52, subdivision 6; 475.53, subdivision 1; 475.58, subdivisions 1, 3b; proposing coding for new law in Minnesota Statutes, chapters 471; 475.

Senator Pogemiller moved that H.F. No. 2268 be referred to the Committee on Rules and Administration. The motion prevailed.

**H.F. No. 2245:** A bill for an act relating to education; increasing the basic revenue formula allowance; modifying general education aid; amending Minnesota Statutes 2006, sections 126C.10, subdivision 2; 126C.13, subdivision 4.

Senator Pogemiller moved that H.F. No. 2245 be referred to the Committee on Rules and Administration. The motion prevailed.

#### **MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Pappas moved that her name be stricken as chief author, and that the name of Senator Betzold be added as chief author to S.F. No. 471. The motion prevailed.

Senator Moua moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Pappas be added as chief author to S.F. No. 1051. The motion prevailed.

#### **MEMBERS EXCUSED**

Senators Johnson and Stumpf were excused from the Session of today. Senator Berglin was excused from the Session of today from 3:15 to 4:00 p.m. Senator Scheid was excused from the Session of today from 3:15 to 4:30 p.m. Senator Rosen was excused from the Session of today at 3:20 p.m.

#### **ADJOURNMENT**

Senator Pogemiller moved that the Senate do now adjourn until 1:00 p.m., Tuesday, May 15, 2007. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate





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