

FORTIETH DAY

St. Paul, Minnesota, Thursday, April 16, 2015

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

CALL OF THE SENATE

Senator Bakk 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. Sarah Campbell.

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	Eaton	Johnson	Ortman	Senjem
Bakk	Eken	Kent	Osmek	Sheran
Benson	Franzen	Kiffmeyer	Pappas	Sieben
Bonoff	Gazelka	Koenen	Pederson, J.	Skoe
Brown	Goodwin	Latz	Petersen, B.	Sparks
Carlson	Hall	Limmer	Pratt	Stumpf
Champion	Hann	Lourey	Reinert	Thompson
Clausen	Hawj	Marty	Rest	Tomassoni
Cohen	Hayden	Metzen	Rosen	Torres Ray
Dahle	Hoffman	Miller	Ruud	Weber
Dahms	Housley	Nelson	Saxhaug	Westrom
Dibble	Ingebrigtsen	Newman	Scalze	Wiger
Dziedzic	Jensen	Nienow	Schmit	Wiklund

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 25, 2015

The Honorable Sandra L. Pappas
President of the Senate

Dear Senator Pappas:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA HOUSING FINANCE AGENCY

Craig Klausung, 447 Rose Pl., Roseville, in the county of Ramsey, effective March 30, 2015, for a term expiring on January 7, 2019.

(Referred to the Committee on Health, Human Services and Housing.)

Sincerely,
Mark Dayton, Governor

April 14, 2015

The Honorable Sandra L. Pappas
President of the Senate

Dear Senator Pappas:

The Subcommittee on Committees met on April 14, 2015, and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 2014

124D.141: State Advisory Council on Early Childhood Education and Care - Senator Hoffman and Senator Nienow to serve at the pleasure of the appointing authority.

Sincerely,
Thomas M. Bakk
Chair, Subcommittee on Committees
State Senator, District 3

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1398, 1735, 2056 and 781, and the reports pertaining to appointments. The motion prevailed.

Senator Torres Ray from the Committee on State and Local Government, to which was referred

S.F. No. 1398: A bill for an act relating to retirement; statewide and major local public retirement plans; eliminating various outdated or obsolete allowable service credit provisions; eliminating other outdated date references in pension provisions; clarifying or eliminating other ambiguous retirement provisions; correcting various pension-related headnotes; amending Minnesota Statutes 2014, sections 352.01, subdivisions 11, 15; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2; 352.22, subdivisions 8, 10; 352.23; 352.75, subdivision 2; 352.87, subdivision 8; 352B.011, subdivision 3; 352B.07; 352B.25; 353.01, subdivisions 2b, 6, 16, 17; 353.017, subdivision 2; 353.46, subdivision 2; 353.64, subdivisions 7a, 8, 9, 10; 353D.071, subdivision 2; 354.05, subdivisions 10, 13, 25; 354.07, subdivision 5; 354.092, subdivision 4; 354.42, subdivision 1a; 354.44, subdivisions 8, 9; 354.45, subdivision 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5; 354.52, subdivision 4c; 354.55, subdivision 10; 354A.011, subdivision 6; 354A.092; 354A.12, subdivision 3c; 354A.31, subdivision 7; 354A.42; 356.215, subdivisions 1, 18; 356.245; 356.40; 356.405; 356.407, subdivision 1; 356.415, subdivisions 1, 1a, 1d, 1e,

1f; 356.431; 356.62; 356B.10, subdivisions 2, 3, 4, 5, 6, 7; 423A.02, subdivision 1b; 424A.001, subdivision 10; repealing Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b; 352B.29; 353.83; 353.84; 353.85; 354.146, subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13, 16, 17, 18, 19; 354.58; 354A.35, subdivision 2a; 356.42; 356.49, subdivision 2; 424A.03, 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

INTEREST, SALARY, AND PAYROLL GROWTH ASSUMPTION CHANGES

Section 1. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following interest assumption:

(1) select and ultimate interest rate assumption

plan	ultimate interest rate assumption
general state employees retirement plan	8.5%
correctional state employees retirement plan	8.5
State Patrol retirement plan	8.5
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8.5
general public employees retirement plan	8.5
public employees police and fire retirement plan	8.5
local government correctional service retirement plan	8.5
teachers retirement plan	8.5%
St. Paul teachers retirement plan	8.5

~~Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, The select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8 percent.~~

(2) single rate interest rate assumption

plan	interest rate assumption
<u>general state employees retirement plan</u>	<u>8%</u>
<u>correctional state employees retirement plan</u>	<u>8</u>

<u>State Patrol retirement plan</u>	<u>8</u>
<u>legislators retirement plan, and for the constitutional officers calculation of total plan liabilities</u>	<u>0</u>
<u>judges retirement plan</u>	<u>8</u>
<u>general public employees retirement plan</u>	<u>8</u>
<u>public employees police and fire retirement plan</u>	<u>8</u>
<u>local government correctional service retirement plan</u>	<u>8</u>
<u>St. Paul teachers retirement plan</u>	<u>8</u>
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighters relief associations	5

(b)(1) If funding stability has been attained, the valuation must use a postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, whichever applies.

(2) If funding stability has not been attained, the valuation must use a select postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary estimates that the plan will attain the defined funding stability measure, and thereafter an ultimate postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning when funding stability is projected to be attained.

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5%
judges retirement plan	<u>3 2.75</u>
Bloomington Fire Department Relief Association	4

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption B
St. Paul teachers retirement plan	assumption A

For plans other than the St. Paul teachers retirement plan and the local government correctional service retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	9% <u>8.75%</u>
17	5.9	9 <u>8.75</u>
18	5.9	9 <u>8.75</u>
19	5.9	9 <u>8.75</u>
20	5.9	9 <u>8.75</u>
21	5.9	8.75 <u>8.5</u>
22	5.9	8.5 <u>8.25</u>
23	5.85	8.25 <u>8</u>
24	5.8	8 <u>7.75</u>
25	5.75	7.75 <u>7.5</u>
26	5.7	7.5 <u>7.25</u>
27	5.65	7.25 <u>7</u>
28	5.6	7 <u>6.75</u>
29	5.55	6.75 <u>6.5</u>
30	5.5	6.75 <u>6.5</u>
31	5.45	6.5 <u>6.25</u>
32	5.4	6.5 <u>6.25</u>
33	5.35	6.5 <u>6.25</u>
34	5.3	6.25 <u>6</u>
35	5.25	6.25 <u>6</u>
36	5.2	6 <u>5.75</u>
37	5.15	6 <u>5.75</u>
38	5.1	6 <u>5.75</u>
39	5.05	5.75 <u>5.5</u>
40	5	5.75 <u>5.5</u>
41	4.95	5.75 <u>5.5</u>

42	4.9	5.5 <u>5.25</u>
43	4.85	5.25 <u>5</u>
44	4.8	5.25 <u>5</u>
45	4.75	<u>5 4.75</u>
46	4.7	<u>5 4.75</u>
47	4.65	<u>5 4.75</u>
48	4.6	<u>5 4.75</u>
49	4.55	<u>5 4.75</u>
50	4.5	<u>5 4.75</u>
51	4.45	<u>5 4.75</u>
52	4.4	<u>5 4.75</u>
53	4.35	<u>5 4.75</u>
54	4.3	<u>5 4.75</u>
55	4.25	4.75 <u>4.5</u>
56	4.2	4.75 <u>4.5</u>
57	4.15	4.5 <u>4.25</u>
58	4.1	4.25 <u>4</u>
59	4.05	4.25 <u>4</u>
60	4	4.25 <u>4</u>
61	4	4.25 <u>4</u>
62	4	4.25 <u>4</u>
63	4	4.25 <u>4</u>
64	4	4.25 <u>4</u>
65	4	4 <u>3.75</u>
66	4	4 <u>3.75</u>
67	4	4 <u>3.75</u>
68	4	4 <u>3.75</u>
69	4	4 <u>3.75</u>
70	4	4 <u>3.75</u>

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota
State Retirement System

assumption A

general employees retirement plan of the Public Employees
Retirement Association

assumption B

Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.5% <u>10.25%</u>	12.03% <u>11.78%</u>	12%	13% <u>12.75%</u>	8% <u>7.75%</u>	6% <u>5.75%</u>
2	8.1 <u>7.85</u>	8.9 <u>8.65</u>	9	11 <u>10.75</u>	7.5 <u>7.25</u>	5.85 <u>5.6</u>
3	6.9 <u>6.65</u>	7.46 <u>7.21</u>	8	9 <u>8.75</u>	7 <u>6.75</u>	5.7 <u>5.45</u>
4	6.2 <u>5.95</u>	6.58 <u>6.33</u>	7.5	8 <u>7.75</u>	6.75 <u>6.5</u>	5.55 <u>5.3</u>
5	5.7 <u>5.45</u>	5.97 <u>5.72</u>	7.25	6.5 <u>6.25</u>	6.5 <u>6.25</u>	5.4 <u>5.15</u>
6	5.3 <u>5.05</u>	5.52 <u>5.27</u>	7	6.1 <u>5.85</u>	6.25 <u>6</u>	5.25 <u>5</u>
7	5 <u>4.75</u>	5.16 <u>4.91</u>	6.85	5.8 <u>5.55</u>	6 <u>5.75</u>	5.1 <u>4.85</u>
8	4.7 <u>4.45</u>	4.87 <u>4.62</u>	6.7	5.6 <u>5.35</u>	5.85 <u>5.6</u>	4.95 <u>4.7</u>
9	4.5 <u>4.25</u>	4.63 <u>4.38</u>	6.55	5.4 <u>5.15</u>	5.7 <u>5.45</u>	4.8 <u>4.55</u>
10	4.4 <u>4.15</u>	4.42 <u>4.17</u>	6.4	5.3 <u>5.05</u>	5.55 <u>5.3</u>	4.65 <u>4.4</u>
11	4.2 <u>3.95</u>	4.24 <u>3.99</u>	6.25	5.2 <u>4.95</u>	5.4 <u>5.15</u>	4.55 <u>4.3</u>
12	4.1 <u>3.85</u>	4.08 <u>3.83</u>	6	5.1 <u>4.85</u>	5.25 <u>5</u>	4.45 <u>4.2</u>
13	4 <u>3.75</u>	3.94 <u>3.69</u>	5.75	5 <u>4.75</u>	5.1 <u>4.85</u>	4.35 <u>4.1</u>
14	3.8 <u>3.55</u>	3.82 <u>3.57</u>	5.5	4.9 <u>4.65</u>	4.95 <u>4.7</u>	4.25 <u>4</u>
15	3.7 <u>3.45</u>	3.7 <u>3.45</u>	5.25	4.8 <u>4.55</u>	4.8 <u>4.55</u>	4.15 <u>3.9</u>
16	3.6 <u>3.35</u>	3.6 <u>3.35</u>	5	4.8 <u>4.55</u>	4.65 <u>4.4</u>	4.05 <u>3.8</u>
17	3.5 <u>3.25</u>	3.51 <u>3.26</u>	4.75	4.8 <u>4.55</u>	4.5 <u>4.25</u>	3.95 <u>3.7</u>
18	3.5 <u>3.25</u>	3.5 <u>3.25</u>	4.5	4.8 <u>4.55</u>	4.35 <u>4.1</u>	3.85 <u>3.6</u>
19	3.5 <u>3.25</u>	3.5 <u>3.25</u>	4.25	4.8 <u>4.55</u>	4.2 <u>3.95</u>	3.75 <u>3.5</u>
20	3.5 <u>3.25</u>	3.5 <u>3.25</u>	4	4.8 <u>4.55</u>	4.05 <u>3.8</u>	3.75 <u>3.5</u>
21	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.9	4.7 <u>4.45</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
22	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.8	4.6 <u>4.35</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
23	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.7	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
24	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.6	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
25	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.5	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
26	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.5	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>

27	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.5	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
28	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.5	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
29	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.5	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>
30 or more	3.5 <u>3.25</u>	3.5 <u>3.25</u>	3.5	4.5 <u>4.25</u>	4 <u>3.75</u>	3.75 <u>3.5</u>

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

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75% <u>3.5%</u>
correctional state employees retirement plan	3.75 <u>3.5</u>
State Patrol retirement plan	3.75 <u>3.5</u>
judges retirement plan	3 <u>2.75</u>
general employees retirement plan of the Public Employees Retirement Association	3.75 <u>3.5</u>
public employees police and fire retirement plan	3.75 <u>3.5</u>
local government correctional service retirement plan	3.75 <u>3.5</u>
teachers retirement plan	3.75
St. Paul teachers retirement plan	4

(e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a different salary assumption or a different payroll increase assumption:

- (1) has been proposed by the governing board of the applicable retirement plan;
- (2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and
- (3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective June 30, 2015, and applies to actuarial valuations prepared for an actuarial valuation date after that date.

ARTICLE 2

CONFORMING CHANGES IN REFUND REPAYMENT PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE

Section 1. Minnesota Statutes 2014, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon written application to the executive director on a form prescribed by the executive director, a refund from the general fund

of all contributions credited to the member's account with interest computed as provided in section 352.22, subdivision 2.

(b) The refund of contributions as provided in paragraph (a) terminates all rights of a former member of the legislature and the survivors of the former member under this chapter.

(c) If the former member of the legislature again becomes a member of the legislature after having taken a refund as provided in paragraph (a), the member is a member of the unclassified employees retirement program of the Minnesota State Retirement System.

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date on which the refund was taken to the date on which the refund is repaid.

(e) No person may be required to apply for or to accept a refund.

Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 13a, is amended to read:

Subd. 13a. **Reduced salary during period of workers' compensation.** An employee on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence, may make payment to the fund for the difference between salary received, if any, and the salary the employee would normally receive if not on leave of absence during the period. The employee shall pay an amount equal to the employee and employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount for the period of the leave of absence.

The employing department, at its option, may pay the employer amount on behalf of its employees. Payment made under this subdivision must include interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year, and must be completed within one year of the return from leave of absence.

Sec. 3. Minnesota Statutes 2014, section 352.04, subdivision 8, is amended to read:

Subd. 8. **Department required to pay omitted salary deductions.** (a) If a department fails to take deductions past due for a period of 60 days or less from an employee's salary as provided in this section, those deductions must be taken on later payroll abstracts.

(b) If a department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, must pay on later payroll abstracts the employee and employer contributions and an amount equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June 30, 2015, and eight percent thereafter compound annual interest.

(c) If a department fails to take deductions past due for a period of 60 days or less and the employee is no longer in state service so that the required deductions cannot be taken from the salary of the employee, the department must nevertheless pay the required employer contributions. If any department fails to take deductions past due for a period in excess of 60 days and the employee is no longer in state service, the omitted contributions must be recovered under paragraph (b).

(d) If an employee from whose salary required deductions were past due for a period of 60 days or less leaves state service before the payment of the omitted deductions and subsequently returns to state service, the unpaid amount is considered the equivalent of a refund. The employee accrues no right by reason of the unpaid amount, except that the employee may pay the amount of omitted deductions as provided in section 352.23.

Sec. 4. Minnesota Statutes 2014, section 352.04, subdivision 9, is amended to read:

Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the salary of an employee for the retirement fund in excess of required amounts must, upon discovery and verification by the department making the deduction, be refunded to the employee.

(b) If a deduction for the retirement fund is taken from a salary warrant or check, and the check is canceled or the amount of the warrant or check returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the rate of 0.71 percent per month until June 30, 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of the month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS.

When any employee accepts a refund as provided in section 352.22, all existing service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate. They must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. In that event, the employee may repay all refunds previously taken from the retirement fund. Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments made in lieu of salary deductions; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service once credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, clause (5). Payments under this section for repayment of refunds are to be paid with interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. They may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in a lump sum up to six months after termination from service.

Sec. 6. Minnesota Statutes 2014, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service.** When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that

member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest on it at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

Sec. 7. Minnesota Statutes 2014, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum.

Sec. 8. Minnesota Statutes 2014, section 352D.12, is amended to read:

352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.

(a) An employee who is a participant in the unclassified program and who has prior service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within the time limits specified in this section, elect to transfer to the unclassified program prior service contributions to one or more of those plans.

(b) For participants with prior service credit in a plan governed by chapter 352, 353, 354, 354A, or 422A, "prior service contributions" means the accumulated employee and equal employer contributions with interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, based on fiscal year balances.

(c) If a participant has taken a refund from a retirement plan listed in this section, the participant may repay the refund to that plan, notwithstanding any restrictions on repayment to that plan, plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter compounded annually and have the accumulated employee and equal employer contributions transferred to the unclassified program with interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year balances. If a person repays a refund and subsequently elects to have the money transferred to the unclassified program, the repayment amount, including interest, is added to the fiscal year balance in the year which the repayment was made.

(d) A participant electing to transfer prior service contributions credited to a retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this section must complete a written application for the transfer and repay any refund within one year of the commencement of the employee's participation in the unclassified program.

Sec. 9. Minnesota Statutes 2014, section 353.27, subdivision 7a, is amended to read:

Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions and employer contributions under this section, section 353.50, 353.65, or 353E.03 were erroneously transmitted to the association, but should have been transmitted to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable. The time limitations specified in subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution plan account must include interest at the rate of 0.71 percent per month until June 30, 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(b) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code, as amended, must not be made by the executive director of the association. Within 30 days after being notified by the Public Employees Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the retirement fund of the appropriate Minnesota public pension plan, or to the applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

(c) If erroneous employee deductions and employer contributions reflect a plan coverage error involving any Public Employees Retirement Association plan specified in section 356.99 and any other plan specified in that section, section 356.99 applies.

Sec. 10. Minnesota Statutes 2014, section 353.27, subdivision 12, is amended to read:

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and

any omitted employer contributions, plus cumulative interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date the contributions were first payable.

(e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 11. Minnesota Statutes 2014, section 353.27, subdivision 12a, is amended to read:

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

Sec. 12. Minnesota Statutes 2014, section 353.28, subdivision 5, is amended to read:

Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or section 353.27, subdivision 4, is payable with interest at ~~an~~ the annual compound rate of 8.5 percent until June 30, 2015, and eight percent thereafter from the date due until the date payment is received by the association, with a minimum interest charge of \$10.

Sec. 13. Minnesota Statutes 2014, section 353.35, subdivision 1, is amended to read:

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund must terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) The rights and benefits of a former member must not be restored until the person returns to active service and acquires at least six months of allowable service credit after taking the last refund and repays the refund or refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at an the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds must be repaid within six months of the last date of termination of public service.

Sec. 14. Minnesota Statutes 2014, section 354A.093, subdivision 6, is amended to read:

Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 15. Minnesota Statutes 2014, section 354A.38, subdivision 3, is amended to read:

Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal to refunds the member has accepted plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date that the refund was accepted to the date that the refund is repaid.

Sec. 16. Minnesota Statutes 2014, section 356.44, is amended to read:

356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent for any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015, and 8 percent thereafter for any other retirement plan listed in section 356.30, subdivision 3, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 17. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest on the total amount previously received at an annual rate of 8.5 percent, until June 30, 2015, and eight percent thereafter compounded annually, from the date on which the refund was received until the date on which the refund is repaid.

Sec. 18. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 3

CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE

Section 1. Minnesota Statutes 2014, section 352.017, subdivision 2, is amended to read:

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 date the employee returned to work following 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 is eligible for allowable service credit. The payment must include compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan on the day prior to the

termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

Sec. 2. Minnesota Statutes 2014, 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 this chapter must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in this chapter, 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 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter 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.

Sec. 3. Minnesota Statutes 2014, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee who is transferred to plan coverage 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 amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter.

(d) The executive director shall compute an amount using the process specified in paragraph (b), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(e) The executive director shall compute an amount using the process specified in paragraph (c), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(f) 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.

(g) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraph (a), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the amount computed under paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(h) 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 computed under paragraph (b), and by the amount of the employer contribution equivalent payment computed under paragraph (d).

(i) 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.

Sec. 4. Minnesota Statutes 2014, section 352B.013, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in this chapter may purchase credit for allowable service in the 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 date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in section 352B.02 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 is eligible for allowable service credit. The payment must include compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year from the date the employee returned to work following the authorized leave, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in section 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

Sec. 5. Minnesota Statutes 2014, section 352B.085, is amended to read:

352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF ABSENCE.

A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may make payment to the fund for the difference between salary received, if any, and the salary that the member would normally receive if the member was not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year, and must be completed within one year of the member's return from the leave of absence.

Sec. 6. Minnesota Statutes 2014, section 352B.086, is amended to read:

352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.

(a) A member 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 employment in a position covered by the plan upon discharge from service in the uniformed services within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service, provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The member may obtain credit by paying into the fund an equivalent member contribution based on the member 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 provide employment services to the state 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 purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional 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.

(d) If the member equivalent contributions provided for in this section 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 section.

(e) To receive allowable service credit under this section, the contributions specified in this section must be transmitted to the fund during the period which begins with the date on which the individual returns to state employment covered by the plan 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 calculated to be less than one year, the contributions required under this section to receive service credit must be transmitted to the fund within one year from the discharge date.

(f) The amount of allowable 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 member and employer contribution amounts payable under this section. Interest must be computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 7. Minnesota Statutes 2014, section 352D.11, subdivision 2, is amended to read:

Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may make the purchase by paying to the state retirement system an amount equal to the current employee contribution rate in effect for the state retirement system applied to the current or final salary rate multiplied by the months and days of prior temporary, intermittent, or contract legislative service.

Payment shall be made in one lump sum unless the executive director of the state retirement system agrees to accept payment in installments over a period of not more than three years from the date of the agreement. Installment payments shall be charged interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually.

Sec. 8. Minnesota Statutes 2014, 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 deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivision 12, and 353.35;

(3) 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;

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

(5) 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 for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to 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;

(6) 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, excluding overtime pay, 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~~ until June 30, 2015, and eight percent thereafter, 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 until June 30, 2015, and eight percent interest thereafter, 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 30 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;

(7) 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;

(8) 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 with the same governmental subdivision 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 must be 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 30 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 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter 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; or

(9) a period specified under section 353.0162.

(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) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

(d) MS 2002 [Expired]

Sec. 9. Minnesota Statutes 2014, section 353.0161, subdivision 2, is amended to read:

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 date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, 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, or at termination of public service, whichever is earlier, multiplied by the employee's average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the number of 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 the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter 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. Payment under this paragraph must be made before the date the person terminates public service under section 353.01, subdivision 11a.

Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.

(a) A member may purchase additional salary credit for a period specified in this section.

(b) The applicable period is a period during which the member is receiving a reduced salary from the employer while the member is:

(1) receiving temporary workers' compensation payments related to the member's service to the public employer;

(2) on an authorized medical leave of absence; or

(3) on an authorized partial paid leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision.

(c) The differential salary amount is the difference between the average monthly salary received by the member during the period of reduced salary under this section and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(d) To receive eligible salary credit, the member shall pay an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter, prorated for applicable months from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized medical leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 consecutive months of authorized medical leave.

(h) To purchase salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service.

Sec. 11. Minnesota Statutes 2014, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus annual interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 12. Minnesota Statutes 2014, section 354A.108, is amended to read:

354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.

(a) A member of the Duluth Teachers Retirement Fund Association who is receiving temporary workers' compensation payments related to the member's teaching service and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to receive allowable service credit for the period of time that the member is receiving the workers' compensation payments upon making the required payment amount.

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section 354A.12, subdivision 1, multiplied by the differential salary amount.

(c) If the member makes the employee payment under this section, the employing unit shall make an employer payment to the Duluth Teachers Retirement Fund Association equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied by the differential salary amount.

(d) Payments made under this subdivision are payable without interest if paid by June 30 of the year during which the workers' compensation payments are received by the member. If paid after June 30, payments made under this subdivision must include interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year. Payment under this section must be completed within one year of the termination of the workers' compensation payments to the member.

Sec. 13. Minnesota Statutes 2014, section 356.195, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a plan specified in subdivision 1 may purchase allowable service credit in the applicable plan for any period of time during which the employee was on a public employee strike without pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary deductions 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 applicable pension plan executive director within one year from the end of the strike, the payment amount is equal to the applicable employee and employer contribution rates specified in law for the applicable plan during the strike period, applied to the employee's rate of salary in effect at the conclusion of the strike for the period of the strike without pay, plus compound interest at a the monthly rate of 0.71 percent for any period for the Teachers Retirement Association and at the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan listed in section 356.30, subdivision 3 from the last day of the strike period until the date payment is received.

(c) If payment is received by the applicable pension fund director after one year and before five years from the end of the strike, the payment amount is the amount determined under section 356.551.

(d) Payments may not be made more than five years after the end of the strike.

Sec. 14. Minnesota Statutes 2014, section 356.50, subdivision 2, is amended to read:

Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable service credit, the eligible person under subdivision 1 shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including unemployment insurance, workers' compensation, or wages from other sources which reduced the back award. No contributions may be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award or within 60 days of a billing from the retirement fund, whichever is later.

(b) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph (a). Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent until June 30, 2015, and 8 percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph (a).

Sec. 15. Minnesota Statutes 2014, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and

reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

Sec. 16. Minnesota Statutes 2014, section 490.121, subdivision 4, is amended to read:

Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, during which the judge received compensation for that service from the state, municipality, or county, whichever applies, and for which the judge made any required member contribution. It also includes any month served as a referee in probate for all referees in probate who were in office before January 1, 1974.

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in

the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus annual compound interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter from the date of the termination of the leave to the date on which payment is made. The payment must be made within one year of the date on which the authorized leave of absence terminated. Service credit for an authorized leave of absence is in addition to a uniformed service leave under section 490.1211.

(c) "Allowable service" does not mean service as a retired judge.

Sec. 17. Minnesota Statutes 2014, section 490.1211, is amended to read:

490.1211 UNIFORMED SERVICE.

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

(b) The judge may obtain credit by paying into the fund equivalent member contribution based on 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 judge would have received if the judge had continued to provide employment services to the state rather than to provide uniformed service, or if the determination of that rate is not reasonably certain, the annual salary rate is the judge's average salary rate during the 12-month period of judicial employment rendered immediately preceding the purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional 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.

(d) If the member equivalent contributions provided for in this section are not paid in full, the judge'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 section.

(e) To receive allowable service credit under this section, the contributions specified in this section and section 490.121 must be transmitted to the fund during the period which begins with the date on which the individual returns to judicial employment 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 calculated to be less than one year, the contributions required under this section to receive service credit may be within one year from the discharge date.

(f) The amount of allowable service credit obtainable under this section and section 490.121 may not exceed five years, unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The state court administrator shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at ~~a~~the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 18. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 4

POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY TRIGGER MODIFICATIONS

Section 1. Minnesota Statutes 2014, section 354A.29, subdivision 7, is amended to read:

Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 8 or 9, whichever is applicable.

(b) On January 1, each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar months as of the end of the last day of the previous calendar year,~~ whose effective date of benefit commencement occurred on or before July 1 of the calendar year immediately before the adjustment, is eligible to receive a postretirement increase as specified in subdivision 8 or 9.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 2. Minnesota Statutes 2014, section 354A.29, subdivision 8, is amended to read:

Subd. 8. **Calculation of postretirement adjustments; transitional provision percentage based.** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the two most recent actuarial valuations prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

Funding ratio	Postretirement increase
Less than 80 percent	1 percent
At least 80 percent but less than 90 percent	2 percent

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately before the postretirement increase is applied, the ~~full increase amount determined under paragraph (a) 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 postretirement increase is applied, calculated to the third decimal place reduced by 50 percent.~~

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent in two consecutive actuarial valuations, ~~this subdivision expires and subsequent postretirement increases must be paid as specified in subdivision 9.~~

(d) If, following a postretirement increase under paragraph (a), the accrued liability funding ratio, based on the actuarial value of assets, falls below 80 percent for two consecutive actuarial valuations, the applicable postretirement increase must be reduced to one percent until January 1 of the calendar year next following the date on which the requirements for an increase under paragraph (a) are again satisfied.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 3. Minnesota Statutes 2014, section 354A.29, subdivision 9, is amended to read:

Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies if the requirements of subdivision 8 has expired, paragraph (c), have been satisfied.

(b) A percentage adjustment must be ~~computed and paid under this subdivision to eligible persons under subdivision 7. 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 postretirement adjustments under paragraph (c), 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 three.~~

~~(c) Before January 1 of each year, the executive director must calculate the amount of the postretirement 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.~~

~~(d) (c) The amount calculated under paragraph (c) of 2.5 percent is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the after January 1 of the calendar year immediately before the postretirement adjustment is applied, the full increase postretirement adjustment 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 postretirement adjustment is applied, calculated to the third decimal place reduced by 50 percent.~~

~~(e) The adjustment must not be less than zero nor greater than five percent.~~

(d) In the event the accrued liability funding ratio based on the actuarial value of assets falls below 90 percent for two consecutive actuarial valuations, the applicable postretirement increase must be determined under subdivision 8 until January 1 of the calendar year next following the date on which the requirements of subdivision 8, paragraph (c), are again satisfied.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the ~~January 1 increase~~ as of the current June 30; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, ~~effective on January 1 following the calendar year in which the person has been retired for less than 12 months.~~

(b) The increases provided by this subdivision commence on January 1, 2010.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 5. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement plans, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, ~~and the unclassified state employees retirement program, and the judges retirement plan~~ are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months ~~before the January 1 increase~~ as of the current June 30; and

(2) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied, ~~effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.~~

(b) ~~The increases provided by this subdivision commence on January 1, 2011. Increases under this subdivision for the general state employees retirement plan; or the correctional state employees retirement plan; or the judges retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative~~

Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators retirement plan or the elected state officers retirement plan, including the constitutional officers, and for the unclassified state employees retirement program, terminate on December 31 of the calendar year in which the two prior consecutive actuarial valuation valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(c) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the general state employees retirement plan or the correctional state employees retirement plan, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(d) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the legislators retirement plan, including the constitutional officers, and for the unclassified state employees retirement program, is again to be applied in a subsequent year or years if the market value of assets of the general state employees retirement plan equals or is less than:

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(e) (e) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 6. Minnesota Statutes 2014, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on January 1, ~~until~~ if the definition of funding stability is restored under paragraph (c) has not been met, as follows:

(1) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year; or

(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but ~~not~~ less than ~~at least~~ 12 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and

(3) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to one percent; or

(4) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on each January 1 following the restoration of funding stability as defined under paragraph (c) and during the continuation of funding stability as defined under paragraph (c), as follows:

(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to ~~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 between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 2.5 percent; and~~

(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 full months, as of the immediate preceding June 30, an amount equal to ~~1/12 of 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 between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

(c) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent consecutive actuarial valuations prepared under section 356.215 and under the standards for actuarial work of the Legislative Commission on Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(d) After having met the definition of funding stability under paragraph (c), a full or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies, rather than adjustments under paragraph (b), is again applied in a subsequent year or years if the market value of assets of the public employees police and fire retirement plan equals or is less than:

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(e) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 7. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~

~~(2)(1) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 12 full months prior to the January 1 increase as of the current June 30;~~

~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six one full month, but less than 12 full months before the January 1 increase as of the current June 30, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months;~~

~~(4) (3) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 12 full months prior to the January 1 increase as of the current June 30; and~~

~~(5) (4) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six one month, but less than 12 full months before the January 1 increase as of the current June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months.~~

(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the two most recent prior actuarial valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.

(c) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied in a subsequent year or years if the market value of assets of the plan equals or is less than:

(1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the plan for the most recent actuarial valuation.

~~(e)~~ (d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

~~(f)~~ (e) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 8. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if the definition of funding stability under paragraph (b) has not been met, as follows:

(1) a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January 1 increase~~ as of the current June 30; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied, ~~effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.~~

(b) ~~The increases provided by this subdivision commence on January 1, 2014.~~ Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases under paragraph (a) become effective again on the December 31 of the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of the assets of the retirement plan equals or is less than 80 percent of the actuarial accrued liability of the retirement plan for two years, or equals or is less than 75 percent of the actuarial

accrued liability of the retirement plan for one year and increases under paragraph (c) recommence commencing after that date.

(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.5 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January 1 increase~~ as of the current June 30; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied, ~~effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.~~

(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(e) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 9. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan. (a) The increases provided under this subdivision begin on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.75 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January 1 increase~~ as of the current June 30; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied, ~~effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.~~

(c) Increases under this subdivision terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin on the January 1 next following that date.

(d) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 10. **REPEALER.**

Minnesota Statutes 2014, section 354A.42, is repealed.

EFFECTIVE DATE. This section is effective June 30, 2015.

ARTICLE 5

CONTRIBUTION STABILIZER PROVISION MODIFICATIONS

Section 1. Minnesota Statutes 2014, section 352.045, is amended to read:

352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.

Subdivision 1. **Application.** This section applies to the general state employees retirement plan ~~and to established under this chapter, the correctional state employees retirement plan established under this chapter, and to the state patrol retirement plan established under chapter 352B.~~

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for ~~purposes of~~ the applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3a. **Contribution rate revision; general state employees retirement plan.** (a) ~~Notwithstanding the contribution rates stated in plan law as specified in law governing the applicable retirement plan, the board of directors of the Minnesota State Retirement System may adjust the employee and employer contribution rates for the general state employees retirement plan must be adjusted:~~

(1) if the regular actuarial valuation of the plan prepared under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates must be decreased as determined under paragraph (b) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution deficiency under subdivision 2 equal to or greater than 0.5 one-half of one percent of covered payroll and that the deficiency has existed for at least two consecutive years, the employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.

(b) If the actuarially required determined contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates must may be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate Any decrease may be made until at least two years have elapsed since any adjustment under this paragraph has been fully implemented in employee and employer contribution rates must not result in total contributions that are less than the sum of the normal cost and administrative expenses of the retirement plan.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the board of directors may increase the employee and employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:

(1) less than two percent, the incremental increase may be up to 0.25 percent each for the employee and employer contribution rates;

(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent each for the employee and employer contribution rates; or

(3) greater than four percent, the incremental increase may be up to 0.75 percent each for the employee and employer contribution.

(d) To determine if an adjustment is to be made, the board of directors shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates calculated based on the actuarial value of assets and calculated based on the market value of assets; the funded ratio calculated based on the actuarial value of assets; the funded ratio calculated based on the market value of assets; the remaining number of years to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contribution projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(e) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the

rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

(~~e~~) (f) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required determined contributions that are more than the total combined employee and employer contributions.

(~~f~~) (g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended made, the executive director must review any need for a change in actuarial assumptions, as recommended by the approved actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required determined contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation decision by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(~~g~~) (h) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the approved actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

Subd. 3b. **Contribution rate revision; correctional state employees retirement plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional state employees retirement plan under this chapter and to the State Patrol retirement plan established under chapter 352B, except as stated in this subdivision specified in paragraph (b) or (c).

(b) Any limitations on the amount of contribution rate changes stated in subdivision 3a apply only to the amount of the employee contribution revision. The employer contribution for the correctional state employees retirement plan or the State Patrol retirement plan, whichever is applicable, must be adjusted so that the employer contribution is equal to 60 percent of the sum of employee plus employer contributions.

(c) For the State Patrol retirement plan, a contribution sufficiency of up to two percent of covered payroll, rather than one percent, may be held in reserves without taking action to reduce employee and employer contributions.

Sec. 2. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds

the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Notwithstanding the contribution rate provision specified under subdivisions 2, 3, and 3a, the board of trustees of the Public Employees Retirement Association may adjust the employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 must be adjusted:

~~(H) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association prepared under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or~~

~~(2) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution deficiency under paragraph (a) equal to or greater than 0.5 one-half of one percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (d) to a level such that no deficiency exists based on the most recent actuarial valuation.~~

~~(c) If the actuarially required determined contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 must may be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the total of the normal cost of the retirement plan and the administrative expenses of the retirement plan.~~

~~(d) If the actuarially required determined contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the board of~~

trustees may increase the employee and matching employer contribution rates ~~must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:~~

(1) ~~less than two percent, the incremental increase may be up to 0.25 percent for the general employees retirement plan employee and matching employer contribution rates;~~

(2) ~~greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent for the employee and matching employer contribution rates; or~~

(3) ~~greater than four percent, the incremental increase may be up to 0.75 percent for the employee and matching employer contribution.~~

(e) ~~The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made without the inclusion of the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division. To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.~~

(f) Any ~~recommended~~ adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' ~~recommendation to adjust~~ adjustment to the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially ~~required~~ determined contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be ~~recommended~~ made, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially ~~required~~ determined contribution and must report to the Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the approved actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

Sec. 3. Minnesota Statutes 2014, section 354.42, subdivision 4b, is amended to read:

Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the Board of Trustees of the Teachers Retirement Association may adjust the employee and employer contribution rates may be adjusted as follows:

~~(1) if, after June 30, 2015, the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll and the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates for the plan may each be decreased to a level such that the sufficiency equals no more than one percent of covered payroll based on the most recent actuarial valuation; or~~

~~(2) if, after June 30, 2015, the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than 0.25 one-half of one percent of covered payroll and the deficiency has existed for at least two consecutive years, the employee and employer contribution rates for the applicable plan may each be increased by:~~

~~(i) 0.25 percent if the deficiency is less than two percent of covered payroll;~~

~~(ii) 0.5 percent if the deficiency is equal to or greater than two percent of covered payroll and less than or equal to four percent; and~~

~~(iii) 0.75 percent if the deficiency is greater than four percent. Any decrease in employee and employer contribution rates must not result in the total of contribution rates that is less than the total of normal cost and administrative expenses.~~

(b) To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 354.42, subdivision 4d, is amended to read:

Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease made under subdivision 4b, as determined by the executive director of the Teachers Retirement Association,

must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1 and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency exists based on the most recent actuarial valuation under section 356.215.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 6

POLICE AND FIREFIGHTER RETIREMENT SUPPLEMENTAL STATE AID

Section 1. Minnesota Statutes 2014, section 423A.022, subdivision 5, is amended to read:

Subd. 5. **Aid termination.** (a) The aid program under ~~this section~~ subdivision 2, paragraph (a), clauses (1) and (3), ends on the December 1 next following the actuarial valuation date on which the assets of the retirement plan on a market value basis equals or exceeds 90 percent of the total actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation prepared under section 356.215 and the Standards for Actuarial Work promulgated by the Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan or the public employees police and fire retirement plan, whichever occurs last.

(b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

ARTICLE 7

STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN LUMP SUM RETIREMENT DIVISION MODIFICATIONS

Section 1. Minnesota Statutes 2014, section 353G.09, subdivision 3, is amended to read:

Subd. 3. **Alternative pension eligibility and computation.** (a) An active member of the retirement plan is entitled to an alternative lump-sum service pension from the retirement plan if the person:

(1) has separated from active service with the fire department for at least 30 days;

(2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighters relief association as of the date immediately ~~prior to~~ before the election of the retirement coverage change, whichever is later;

(3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighters relief association or of the retirement plan, but has not rendered at least five years of good time service credit as a member of the retirement plan; and

(4) applies in a manner prescribed by the executive director for the service pension.

(b) If retirement coverage ~~prior to~~ before statewide retirement plan coverage was provided by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum service pension is the service pension amount specified in the bylaws of the applicable former volunteer firefighters relief association either as of the date immediately ~~prior to~~ before the election of the

retirement coverage change or as of the date immediately before the termination of firefighting services, whichever is earlier, multiplied by the total number of years of service as a member of that volunteer firefighters relief association and as a member of the retirement plan. If retirement coverage ~~prior to before~~ statewide retirement plan coverage was provided by a defined contribution plan volunteer firefighters relief association, the alternative lump-sum service pension is an amount equal to that portion of the person's account balance that the person was vested for as of the date immediately ~~prior to before~~ the date on which statewide retirement plan coverage was first provided to the person plus six percent annual compound interest from that date until the date immediately ~~prior to before~~ the date of retirement.

Sec. 2. Minnesota Statutes 2014, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Service pension levels.** Except as provided in subdivision 1a, the retirement plan provides the following levels of service pension amounts per full year of good time service credit to be selected at the election of coverage, or, if fully funded, thereafter:

Level A	\$500 per year of good time service credit
Level B	\$600 per year of good time service credit
Level C	\$700 per year of good time service credit
Level D	\$800 per year of good time service credit
Level E	\$900 per year of good time service credit
Level F	\$1,000 per year of good time service credit
Level G	\$1,250 per year of good time service credit
Level H	\$1,500 per year of good time service credit
Level I	\$2,000 per year of good time service credit
Level J	\$2,500 per year of good time service credit
Level K	\$3,000 per year of good time service credit
Level L	\$3,500 per year of good time service credit
Level M	\$4,000 per year of good time service credit
Level N	\$4,500 per year of good time service credit
Level O	\$5,000 per year of good time service credit
Level P	\$5,500 per year of good time service credit
Level Q	\$6,000 per year of good time service credit
Level R	\$6,500 per year of good time service credit
Level S	\$7,000 per year of good time service credit
Level T	\$7,500 per year of good time service credit

(1) a minimum service pension level of \$500 per year;

(2) a maximum service pension level of \$7,500 per year; and

(3) 69 service pension levels between the minimum level and the maximum level in \$100 increments.

Sec. 3. Minnesota Statutes 2014, section 353G.11, subdivision 1a, is amended to read:

Subd. 1a. **Continuation of prior service pension levels.** (a) If a municipality or independent nonprofit firefighting corporation elects to be covered by the retirement plan prior to before January 1, 2010, and selects the \$750 per year of good time service credit service pension amount effective for January 1, 2010, that level continues for the volunteer firefighters of that municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2010.

(b) If a municipality or independent nonprofit firefighting corporation elected to be covered by the retirement plan before January 1, 2015, and selected a service pension level under subdivision 1, other than a good time service credit service pension amount under subdivision 1, that level continues for the volunteer firefighters of the municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2014.

Sec. 4. Minnesota Statutes 2014, section 353G.11, subdivision 2, is amended to read:

Subd. 2. **Level selection.** At the time of After the election to transfer of retirement coverage, or on April 30 thereafter to the retirement plan, the governing body or bodies of the entity or entities operating the fire department whose firefighters are covered by the retirement plan may request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department. Within 90 120 days of the receipt of the cost estimate prepared by the executive director using a procedure certified as accurate by the approved actuary retained by the Public Employees Retirement Association, the governing body or bodies may approve the service pension level change, effective for January 1 of the following calendar year unless the governing body or bodies specify in the approved document an effective date as the January 1 of the second year following the level increase approval. If the approval occurs after April 30, the required municipal contribution for the following calendar year must be recalculated and the results reported to the municipality or municipalities. If not approved in a timely fashion, the service pension level change is considered to have been disapproved.

Sec. 5. Minnesota Statutes 2014, section 353G.11, subdivision 4, is amended to read:

Subd. 4. **Ancillary benefits.** Except as provided under section 353G.115, no disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor benefit is payable from the retirement plan.

Sec. 6. Minnesota Statutes 2014, section 353G.13, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement plan who also renders firefighting service and has good time service credit in the retirement plan from another fire department, if the number of years of good time service credit in the plan from a combination of nonconcurrent periods totals at least five years, is eligible, upon complying with the other requirements of section 353G.09, to receive a service pension upon filing an application in the manner prescribed by the executive director, computed as provided in subdivision 2.

Sec. 7. Minnesota Statutes 2014, section 353G.13, subdivision 2, is amended to read:

Subd. 2. **Combined service pension computation.** The service pension payable to a firefighter who qualifies under subdivision 1 is the per year of good time service credit service pension amount in effect for each account in which the firefighter has one or more years of good time service credit as of the date on which the firefighter terminated active service with the fire department associated with the applicable account, multiplied by the number of years of good time service credit that the firefighter has in the applicable account and adjusted for the vesting percentage based on the total number of years of good time service covered in the applicable accounts.

Sec. 8. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 8

**STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN MONTHLY
BENEFIT RETIREMENT DIVISION CREATION**

Section 1. Minnesota Statutes 2014, section 11A.17, subdivision 2, is amended to read:

Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the money certified and transmitted to the state board from the participating public retirement plans and funds and from the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan under section 353G.08.

(b) With the exception of the assets of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund, the assets must be used to purchase investment shares in the investment accounts as specified by the plan or fund. The assets of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund must be invested in the volunteer firefighter account.

(c) These accounts must be valued at least on a monthly basis but may be valued more frequently as determined by the State Board of Investment.

Sec. 2. Minnesota Statutes 2014, section 353G.01, subdivision 6, is amended to read:

Subd. 6. **Fund.** "Fund" means the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

Sec. 3. Minnesota Statutes 2014, section 353G.01, subdivision 7, is amended to read:

Subd. 7. **Good time service credit.** "Good time service credit" means the length of service credit for an active firefighter that is reported by the applicable fire chief based on the minimum firefighter activity standards of the fire department. The credit may be ~~recognized~~ reported on an annual or monthly basis.

Sec. 4. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the retirement fund that contains the assets applicable to the lump-sum retirement division.

Sec. 5. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 7b. **Lump-sum retirement division.** "Lump-sum retirement division" means the division of the plan governed by section 353G.11.

Sec. 6. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion of the retirement fund that contains the assets applicable to the monthly benefit retirement division.

Sec. 7. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement division" means the division of the plan governed by section 353G.113.

Sec. 8. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan document", for an account in the monthly benefit retirement division, means the articles of incorporation and bylaws of the prior former volunteer firefighters relief association in effect on the day before the date on which the retirement coverage transfer under section 353G.05 occurred or as provided in the most recent modification under section 353G.121.

Sec. 9. Minnesota Statutes 2014, section 353G.01, subdivision 11, is amended to read:

Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

Sec. 10. Minnesota Statutes 2014, section 353G.01, subdivision 12, is amended to read:

Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either the lump-sum retirement division or the monthly benefit retirement division, established by this chapter.

Sec. 11. Minnesota Statutes 2014, section 353G.02, is amended to read:

353G.02 PLAN AND FUND CREATION.

Subdivision 1. **Retirement plan.** The voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan, consisting of a lump-sum retirement division and a monthly benefit retirement division, is created.

Subd. 2. **Administration.** The policy-making, management, and administrative functions related to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan and fund are vested in the board of trustees and the executive director of the Public Employees Retirement Association. Their duties, authority, and responsibilities are as provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken in a manner consistent with chapter 356A.

Subd. 3. **Retirement fund.** (a) The voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund, consisting of a lump-sum account and a monthly benefit account, is created. The fund contains the assets attributable to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan.

(b) The State Board of Investment shall invest those portions of the retirement fund not required for immediate purposes in the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan in the statewide ~~lump-sum~~ volunteer firefighter account of the Minnesota supplemental investment fund under section 11A.17.

(c) The commissioner of management and budget is the ex officio treasurer of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund. The commissioner of management

and budget's general bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

(d) The revenues of the retirement plan beyond investment returns are governed by section 353G.08 and must be deposited in the retirement fund. The disbursements of the retirement plan are governed by section 353G.08. The commissioner of management and budget shall transmit a detailed statement showing all credits to and disbursements from the retirement fund to the executive director monthly.

Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically audit the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund.

(b) An actuarial valuation of the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan may be performed periodically as determined to be appropriate or useful by the board. An actuarial valuation of the monthly benefit retirement division of the voluntary statewide volunteer firefighter retirement plan must be performed as frequently as required by government sector generally accepted accounting standards. An actuarial valuation must be performed by the approved actuary retained under section 356.214 and must conform with section 356.215 and the standards for actuarial work. An actuarial valuation must contain sufficient detail for each participating employing entity to ascertain the actuarial condition of its account in the fund and the contribution requirement towards its account.

Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board and the executive director with respect to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan is the attorney general.

(b) The board may sue, petition, be sued, or be petitioned under this chapter with respect to the plan or the fund in the name of the board.

(c) The attorney general shall represent the board in all actions by the board or against the board with respect to the plan or the fund.

(d) Venue of all actions related to the plan or fund is in the court for the first judicial district unless the action is an appeal to the Court of Appeals under section 356.96.

Subd. 6. **Initial administrative expenses of the monthly benefit retirement division; allocation of reimbursement.** (a) The administration expenses incurred by the Public Employees Retirement Association in the establishment of the monthly benefit retirement division of the voluntary statewide volunteer firefighters retirement plan, including any computer programming expenses and any actuarial consultant expenses, are payable from the assets of the initial monthly benefit volunteer firefighter relief association that elects to transfer its administration to the voluntary statewide volunteer firefighter retirement plan, following the transfer of assets.

(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that transfer plan administration to the voluntary statewide volunteer firefighters retirement plan. The reimbursement charge for each of the nine is three-tenths of one percent of the market value of assets of the volunteer firefighter relief association as of December 31, 2012. The reimbursement amounts, up to the amount of administrative expenses actually incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the fire department associated with the former

monthly benefit volunteer firefighter relief association that first transferred plan administration to the volunteer firefighter retirement plan.

Sec. 12. Minnesota Statutes 2014, section 353G.03, is amended to read:

353G.03 VOLUNTARY STATEWIDE ~~LUMP-SUM~~ VOLUNTEER FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.

Subdivision 1. **Establishment.** A Voluntary Statewide ~~Lump-Sum~~ Volunteer Firefighter Retirement Plan Advisory Board is created.

Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide advice to the board of trustees of the Public Employees Retirement Association about the retirement coverage needs of volunteer firefighters who are members of the retirement plan and about the legislative and administrative changes that would assist the retirement plan in accommodating volunteer firefighters who are not members of the retirement plan.

Subd. 3. **Composition.** (a) The advisory board consists of ~~seven~~ eight members.

(b) The advisory board members are:

(1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;

(2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;

(4) two representatives of Minnesota volunteer firefighters, all who are active volunteer firefighters, one of whom is covered by the lump-sum retirement division and one of whom is covered by the monthly benefit retirement division, appointed by the Minnesota State Fire Chiefs Association;

(5) one representative of Minnesota volunteer firefighters who is covered by the lump-sum retirement division, appointed by the Minnesota State Fire Departments Association; and

~~(5)~~ (6) one representative of the Office of the State Auditor, designated by the state auditor.

Subd. 4. **Term.** (a) ~~The initial terms on the advisory board for the Minnesota townships representative and the Minnesota fire chiefs representative are one year. The initial terms on the advisory board for one of the Minnesota cities representatives and one of the Minnesota active volunteer firefighter representatives are two years. The initial terms on the advisory board for the other Minnesota cities representative and the other Minnesota active volunteer firefighter representative are three years. The term for the Office of the State Auditor representative is determined by the state auditor.~~

(b) ~~Subsequent~~ Terms on the advisory board other than the Office of the State Auditor representative are three years.

Subd. 5. **Compensation of advisory board.** The compensation of members of the advisory board, other than the Office of the State Auditor representative, is governed by section 15.0575, subdivision 3.

EFFECTIVE DATE. Subdivisions 1, 2, 4, and 5 are effective July 1, 2015. Subdivision 3 is effective the July 1 next following the day on which one or more volunteer firefighter relief associations providing monthly service pensions in whole or in part transfer administration of the retirement plan to the Public Employees Retirement Association under Minnesota Statutes, chapter 353G.

Sec. 13. Minnesota Statutes 2014, section 353G.04, is amended to read:

353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE DEPARTMENTS.

The chief executive officers of municipalities and fire departments with volunteer firefighters covered by the voluntary lump-sum statewide volunteer firefighter retirement plan shall provide all relevant information and records requested by the board, the executive director, and the State Board of Investment as required to perform their duties.

Sec. 14. Minnesota Statutes 2014, section 353G.05, is amended to read:

353G.05 PLAN COVERAGE ELECTION.

Subdivision 1. **Coverage.** Any municipality or independent nonprofit firefighting corporation may elect to have its volunteer firefighters covered by the lump-sum retirement division or the monthly benefit retirement division of the retirement plan, whichever applies.

Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of volunteer firefighters by the lump-sum retirement plan division is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage under the lump-sum retirement division.

(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighters relief association or a defined contribution volunteer firefighters' relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighters relief association, following approval of the request by the board of the volunteer firefighters relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighters relief association, the cost analysis of the prospective retirement coverage must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.

(c) The cost analysis of the prospective retirement coverage by the lump-sum retirement division of the statewide retirement plan must be based on the service pension amount under section 353G.11 closest to the service pension amount provided by the volunteer firefighters relief association if the relief association is a lump-sum defined benefit plan, or the amount equal to 95 percent of the most current average account balance per relief association member if the relief association is a defined contribution plan, or to the lowest service pension amount under section 353G.11 if there is no volunteer firefighters relief association, rounded up, and any other service pension amount designated by the requester or requesters. The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(d) If a cost analysis is requested and a volunteer firefighters' relief association exists that has filed the information required under section 69.051 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the volunteer firefighters relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no volunteer firefighters relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

~~(e) If a cost analysis is requested, the executive director of the State Board of Investment shall review the investment portfolio of the relief association, if applicable, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under paragraph (f), the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of retirement plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.~~

~~(f) Upon receipt of the cost analysis, the governing body of the municipality or independent nonprofit firefighting corporation associated with the fire department shall either approve or disapprove the retirement coverage change within 120 days. If the retirement coverage change is not acted upon within 120 days, it is deemed to be disapproved. If the retirement coverage change is approved by the applicable governing body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the next following January 1.~~

Subd. 3. Election of coverage; monthly benefit. (a) The process for electing coverage of volunteer firefighters by the monthly retirement division is initiated by a request to the executive director for an actuarial cost analysis of the prospective retirement coverage under the monthly benefit retirement division. This request must be made by the secretary of the volunteer firefighters relief association and the chief administrative officer of the entity associated with the relief association, both of which must first obtain approval of the request from their respective municipal governing body or independent nonprofit firefighting corporation. The request must be made in writing and must be made on a form prescribed by the executive director.

(b) Coverage by the monthly benefit retirement division may only be elected if the volunteer firefighters are covered by a monthly benefit volunteer firefighters relief association governed by chapter 424A.

(c) The cost analysis under paragraph (a) must be prepared by the approved actuary retained by the Public Employees Retirement Association. The cost analysis must be based on:

(1) the service pension and other retirement benefit types and amounts in effect for the volunteer firefighters relief association as of the date of the request and any other amount or amounts designated by the requesters, as disclosed in a special actuarial valuation prepared under sections 356.215 and 356.216; and

(2) the standards for actuarial work, and the actuarial assumptions utilized in the most recent prior actuarial valuation, except that the applicable interest rate actuarial assumption is six percent.

(d) The secretary of the volunteer firefighters relief association making the request must supply the demographic and financial data necessary for the cost analysis to be prepared.

Subd. 4. **Invested assets review.** If a cost analysis is requested under subdivision 2 or 3, the executive director of the State Board of Investment shall review the investment portfolio of the relief association, if applicable, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under subdivision 5, the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of retirement plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

Subd. 5. **Finalization; coverage transfer.** Upon receipt of the cost analysis requested under subdivision 2 or 3, the governing body of the municipality or independent nonprofit firefighting corporation associated with the fire department shall either approve or disapprove the retirement coverage change within 120 days. If the retirement coverage change is not acted upon within 120 days, it is deemed to be disapproved. If the retirement coverage change is approved by the applicable governing body, coverage by the voluntary statewide volunteer firefighter retirement plan is effective on the January 1 next following the approval date.

Sec. 15. Minnesota Statutes 2014, section 353G.06, is amended to read:

353G.06 DISESTABLISHMENT OF PRIOR VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE CHANGE.

Subdivision 1. **Special fund disestablishment.** On the date December 31 immediately prior to the effective date of the coverage change, the special fund of the applicable volunteer firefighters relief association, if one exists, ceases to exist as a pension fund of the association and legal title to the assets of the special fund transfers to the State Board of Investment, with the undivided beneficial title to the assets of the special fund remaining in the applicable volunteer firefighters as a group.

Subd. 2. **Other relief association changes.** In addition to the transfer and disestablishment of the special fund under subdivision 1, notwithstanding any provisions of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer firefighter retirement coverage, if the relief association membership elects to retain the relief association as a fraternal organization after the benefit coverage election, the following changes must be implemented with respect to the applicable volunteer firefighters relief association:

(1) the relief association board of trustees membership is reduced to five, comprised of the fire chief of the fire department and four trustees elected by and from the relief association membership;

(2) the relief association may only maintain a general fund, which continues to be governed by section 424A.06;

(3) the relief association is not authorized to receive the proceeds of any state aid or to receive any municipal funds; and

(4) the relief association may not pay any service pension or benefit that was not authorized as a general fund disbursement under the articles of incorporation or bylaws of the relief association in effect immediately prior to the plan coverage election process.

Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of the volunteer firefighters relief association under this section, the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan is the successor in interest of the special fund of the volunteer firefighters relief association for all claims against the special fund other than a claim against the special fund, the volunteer firefighters relief association, the municipality, the fire department, or any person connected with the volunteer firefighters relief association in a fiduciary capacity under chapter 356A or common law that was based on any act or acts which were not performed in good faith and which constituted a breach of a fiduciary obligation. As the successor in interest of the special fund of the volunteer firefighters relief association, the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan may assert any applicable defense in any judicial proceeding which the board of trustees of the volunteer firefighters relief association or the municipality would have been entitled to assert.

Sec. 16. Minnesota Statutes 2014, section 353G.07, is amended to read:

353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.

(a) Annually, by March 31, the fire chief of the fire department with firefighters who are active members of either the lump-sum retirement plan division or the monthly benefit retirement division shall certify to the executive director the good time service credit for the previous calendar year of each firefighter rendering active service with the fire department.

(b) The fire chief shall provide to each firefighter rendering active service with the fire department notification of the amount of good time service credit rendered by the firefighter for the calendar year. The good time service credit notification must be provided to the firefighter 60 days before its certification to the executive director of the Public Employees Retirement Association, along with an indication of the process for the firefighter to challenge the fire chief's determination of good time service credit. If the good time service credit amount is challenged in a timely fashion, the fire chief shall hold a hearing on the challenge, accept and consider any additional pertinent information, and make a final determination of good time service credit. The final determination of good time service credit by the fire chief is not reviewable by the executive director of the Public Employees Retirement Association or by the board of trustees of the Public Employees Retirement Association.

(c) The good time service credit certification is an official public document. If a false good time service credit certification is filed or if false information regarding good time service credits is provided, section 353.19 applies.

(d) The good time service credit certification must be expressed as a percentage of a full year of service during which an active firefighter rendered at least the minimum level and quantity of fire suppression, emergency response, fire prevention, or fire education duties required by the fire department under the rules and regulations applicable to the fire department. No more than one year of good time service credit may be certified for a calendar year.

(e) If a firefighter covered by the retirement plan leaves active firefighting service to render active military service that is required to be ~~covered~~ governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the person must be certified as providing a full year of good time service credit in each year of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the good time service credits applicable to that military service credit period are forfeited and cancel at the end of the calendar year in which the federal law time limit occurs.

Sec. 17. Minnesota Statutes 2014, section 353G.08, is amended to read:

353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.

Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a) Annually, the executive director shall determine the funding requirements of each account in the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan on or before August 1. The funding requirements ~~as directed~~ computed under this section, subdivision must be determined using a mathematical procedure developed and certified as accurate by ~~an~~ the approved actuary retained by the Public Employees Retirement Association and must be based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each lump-sum account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

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

(c) The financial requirements of each lump-sum account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

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

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

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum retirement plan division is the annual financial requirements of the lump-sum account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

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

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

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

(2) the standards for actuarial work, utilizing a six percent interest rate actuarial assumption and other actuarial assumptions approved under section 356.215, subdivision 18:

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

(ii) with that portion of any unfunded actuarial accrued liability attributable to an assumption change or an actuarial method change to be amortized over a period of 20 years from the date of the assumption or method change;

(iii) with that portion of any unfunded actuarial accrued liability attributable to an investment loss to be amortized over a period of ten years from the date of investment loss; and

(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over a period of five years from the date of the actuarial valuation.

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly benefit retirement division are the annual financial requirements of the monthly benefit account of the retirement plan under paragraph (b) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(d) The required contribution calculated in paragraph (c) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 2. **Cash flow funding requirement.** If the executive director determines that an a lump-sum retirement or a monthly benefit retirement account in the voluntary statewide lump-sum volunteer firefighter retirement plan has insufficient assets to meet the service pensions determined expected to be payable from the account over the succeeding two years, the executive director shall certify the amount of the potential service pension shortfall to the municipality or municipalities and the municipality or municipalities shall make an additional employer contribution to the account within ten days of the certification. If more than one municipality is associated with the account, unless the municipalities agree to and implement a different allocation, the municipalities shall allocate the additional employer contribution one-half in proportion to the population of each municipality and one-half in proportion to the estimated market value of the property of each municipality.

Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of the municipality or the independent nonprofit firefighting corporation associated with a fire department covered by a voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan account, the municipality or the corporation may make additional contributions to the applicable account.

(b) The executive director of the Public Employees Retirement Association may specify requirements as to the form, timing, and accompanying information for contributions made under this subdivision.

(c) Any contributions made under this subdivision must be included as total present assets of the account for the calculation of any subsequent annual funding requirements for the account under subdivision 1 or 1a or for the calculation of any cash flow funding requirement under subdivision 2.

Subd. 3. Authorized account disbursements. The assets of a lump-sum retirement account or of a monthly benefit retirement account of the retirement fund may only be disbursed for:

- (1) the administrative expenses of the retirement plan;
- (2) the investment expenses of the retirement fund;
- (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;
- (4) the survivor benefits payable under section 353G.12; and
- (5) the disability benefit coverage insurance premiums under section 353G.115.

Sec. 18. Minnesota Statutes 2014, section 353G.09, is amended to read:

353G.09 RETIREMENT BENEFIT ELIGIBILITY.

Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member of the retirement plan is entitled to a ~~lump-sum~~ service pension from the retirement plan if the person:

- (1) has separated from active service with the fire department for at least 30 days;
- (2) has attained the age of at least 50 years;
- (3) has completed at least five years of good time service credit as a member of the retirement plan if the person is a member of the lump-sum retirement division or has completed at least the minimum number of years of good time service credit as a member of the retirement plan specified in the retirement benefit plan document attributable to the applicable fire department if the person is a member of the monthly benefit retirement division; and
- (4) applies in a manner prescribed by the executive director for the service pension.

Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) If an active member of the lump-sum retirement division has completed less than 20 years of good time service credit as a member of the lump-sum retirement division of the plan, the person's entitlement to a service pension is equal to the nonforfeitable percentage of the applicable service pension amount, as follows:

Completed years of good time service credit	Nonforfeitable percentage of the service pension
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent

10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 and thereafter	100 percent

(b) If an active member of the monthly benefit retirement division has completed less than 20 years of good time service credit as a member of the monthly benefit retirement division of the plan, the person's entitlement to a service pension must be governed by the retirement benefit plan document attributable to the applicable fire department.

Subd. 3. **Alternative lump-sum pension eligibility and computation.** (a) An active member of the lump-sum retirement division of the retirement plan is entitled to an alternative lump-sum service pension from the retirement plan if the person:

- (1) has separated from active service with the fire department for at least 30 days;
- (2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighters relief association as of the date immediately prior to the election of the retirement coverage change, whichever is later;
- (3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighters relief association or of the lump-sum retirement division of the retirement plan, but has not rendered at least five years of good time service credit as a member of the lump-sum retirement division of the plan; and
- (4) applies in a manner prescribed by the executive director for the service pension.

(b) If retirement coverage prior to statewide retirement plan coverage was provided by a defined benefit lump-sum retirement plan volunteer firefighters relief association, the alternative lump-sum service pension is the service pension amount specified in the bylaws of the applicable former volunteer firefighters relief association either as of the date immediately prior to before the election of the retirement coverage change or as of the date immediately before the termination of firefighting services, whichever is earlier, multiplied by the total number of years of service as a member of that volunteer firefighters relief association and as a member of the retirement plan. If retirement coverage prior to before statewide retirement plan coverage was provided by a defined contribution plan volunteer firefighters relief association, the alternative lump-sum service pension is an amount equal to the person's account balance as of the date immediately prior to before the date on which statewide retirement plan coverage was first provided to the person plus six percent

annual compound interest from that date until the date immediately ~~prior to~~ before the date of retirement.

Sec. 19. Minnesota Statutes 2014, section 353G.10, is amended to read:

353G.10 DEFERRED SERVICE PENSION AMOUNT.

A person who was an active member of a fire department covered by either the lump-sum retirement division or the monthly benefit retirement division of the retirement plan who has separated from active firefighting service for at least 30 days and who has completed at least five years of good time service credit, but has not attained the age of 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years and applying in a manner specified by the executive director for the service pension. The service pension payable is the nonforfeitable percentage of the service pension under section 353G.09, subdivision 2, and is payable without any interest on or increase in the service pension over the period of deferral.

Sec. 20. Minnesota Statutes 2014, section 353G.11, is amended to read:

353G.11 LUMP-SUM RETIREMENT DIVISION SERVICE PENSION LEVELS.

Subdivision 1. **Levels; lump-sum retirement division.** The lump-sum retirement division of the retirement plan provides the following levels of service pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

Level A	\$500 per year of good time service credit
Level B	\$600 per year of good time service credit
Level C	\$700 per year of good time service credit
Level D	\$800 per year of good time service credit
Level E	\$900 per year of good time service credit
Level F	\$1,000 per year of good time service credit
Level G	\$1,250 per year of good time service credit
Level H	\$1,500 per year of good time service credit
Level I	\$2,000 per year of good time service credit
Level J	\$2,500 per year of good time service credit
Level K	\$3,000 per year of good time service credit
Level L	\$3,500 per year of good time service credit
Level M	\$4,000 per year of good time service credit
Level N	\$4,500 per year of good time service credit
Level O	\$5,000 per year of good time service credit
Level P	\$5,500 per year of good time service credit
Level Q	\$6,000 per year of good time service credit
Level R	\$6,500 per year of good time service credit

Level S	\$7,000 per year of good time service credit
Level T	\$7,500 per year of good time service credit

Subd. 1a. **Continuation of prior lump-sum service pension levels.** If a municipality or independent nonprofit firefighting corporation ~~elects~~ elects to be covered by the lump-sum retirement division of the retirement plan ~~prior to before~~ prior to before January 1, 2010, and ~~selects~~ selected the \$750 per year of good time service credit service pension amount effective for January 1, 2010, that level continues for the volunteer firefighters of that municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2010.

Subd. 2. **Lump-sum retirement division level selection.** At the time of the election to transfer retirement coverage to the lump-sum retirement division of the retirement plan, or on April 30 thereafter, the governing body or bodies of the entity or entities operating the fire department whose firefighters are covered by the retirement plan may request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department. Within 90 days of the receipt of the cost estimate prepared by the executive director using a procedure certified as accurate by the approved actuary retained by the Public Employees Retirement Association, the governing body or bodies may approve the service pension level change, effective for the following calendar year. If not approved in a timely fashion, the service pension level change is considered to have been disapproved.

Subd. 3. **Supplemental benefit.** The lump-sum retirement account of the retirement plan also shall pay a supplemental benefit as provided for in section 424A.10.

Subd. 4. **Ancillary benefits.** Except as provided in section 353G.115 or 353G.12, no disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor benefit is payable from the lump-sum retirement account of the retirement plan.

Sec. 21. [353G.112] MONTHLY BENEFIT RETIREMENT DIVISION SERVICE PENSION LEVELS.

The service pension amount for the firefighters of a fire department covered by the monthly benefit retirement division of the retirement plan is the amount specified in the retirement benefit plan document applicable to the fire department.

Sec. 22. Minnesota Statutes 2014, section 353G.115, is amended to read:

353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR CASUALTY INSURANCE.

(a) Except as provided in paragraph (b) or (c), no disability benefit is payable from the statewide retirement plan.

(b) If the board approves the arrangement, disability coverage for the lump-sum retirement division of the statewide retirement plan members may be provided through a group disability insurance policy obtained from an insurance company licensed to do business in this state. The lump-sum retirement account of the voluntary statewide lump-sum volunteer firefighter retirement plan is authorized to pay the premium for the disability insurance authorized by this paragraph. The

proportional amount of the total annual disability insurance premium must be added to the required contribution amount determined under section 353G.08.

(c) The disability benefit coverage for the monthly benefit retirement division is the disability service pension amount specified in the retirement benefit plan document applicable to the fire department, applicable former volunteer firefighters relief association in effect as of the last day before the date on which retirement coverage transferred to the voluntary statewide volunteer firefighter retirement plan, subject to all conditions and limitations in the disability service pension specified therein.

Sec. 23. Minnesota Statutes 2014, section 353G.12, subdivision 2, is amended to read:

Subd. 2. **Lump-sum retirement plan; survivor benefit amount.** The amount of the survivor benefit for the lump-sum retirement division is the amount of the lump-sum service pension that would have been payable to the member of the lump-sum retirement plan division on the date of death if the member had been age 50 or older on that date.

Sec. 24. Minnesota Statutes 2014, section 353G.12, is amended by adding a subdivision to read:

Subd. 3. **Monthly benefit retirement plan; survivor benefit amount.** The amount of the survivor benefit for the monthly benefit retirement division is the survivor service pension amount specified in the retirement benefit plan document applicable to the fire department, subject to all conditions and limitations for the benefit specified therein.

Sec. 25. **[353G.121] MONTHLY BENEFIT RETIREMENT DIVISION;
POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.**

(a) The fire chief of a fire department that has an active membership who are covered by the monthly benefit retirement division of the statewide retirement plan may initiate the process of modifying the retirement benefit plan document under this section.

(b) The modification procedure is initiated when the applicable fire chief files with the executive director of the Public Employees Retirement Association a written summary of the desired benefit plan document modification, the proposed benefit plan document modification language, a written request for the preparation of an actuarial cost estimate for the proposed benefit plan document modification, and payment of the estimated cost of the actuarial cost estimate.

(c) Upon receipt of the modification request and related documents, the executive director shall review the language of the proposed benefit plan document modification and, if a clarification is needed in the submitted language, shall inform the fire chief of the necessary clarification. Once the proposed benefit plan document modification language has been clarified by the fire chief and resubmitted to the executive director, the executive director shall arrange for the approved actuary retained by the Public Employees Retirement Association to prepare a benefit plan document modification cost estimate under the applicable provisions of section 356.215 and of the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. Upon completion of the benefit plan document modification cost estimate, the executive director shall forward the estimate to the fire chief who requested it and to the chief financial officer of the municipality or entity with which the fire department is primarily associated.

(d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate with the active firefighters in the fire department and shall take reasonable steps to provide the estimate results

to any affected retired members of the fire department and their beneficiaries. The chief financial officer of the municipality or entity associated with the fire department shall present the proposed modification language and the cost estimate to the governing body of the municipality or entity for its consideration at a public hearing held for that purpose.

(e) If the governing body of the municipality or entity approves the modification language, the chief administrative officer of the municipality or entity shall notify the executive director of the Public Employees Retirement Association of that approval. The benefit plan document modification is effective on the January 1 next following the date of filing the approval with the Public Employees Retirement Association and the state auditor.

Sec. 26. Minnesota Statutes 2014, section 353G.13, is amended to read:

353G.13 LUMP-SUM RETIREMENT DIVISION; PORTABILITY.

Subdivision 1. **Eligibility.** An active firefighter who is a member of the lump-sum retirement division of the retirement plan who also renders firefighting service and has good time service credit in the lump-sum retirement division of the retirement plan from another fire department, if the good time service credit in the plan from a combination of periods totals at least five years, is eligible, upon complying with the other requirements of section 353G.09, to receive a lump-sum service pension upon filing an application in the manner prescribed by the executive director, computed as provided in subdivision 2.

Subd. 2. **Combined service pension computation.** The lump-sum service pension payable to a firefighter who qualifies under subdivision 1 is the per year of good time lump-sum service credit service pension amount in effect for each lump-sum retirement account in which the firefighter has good time service credit as of the date on which the firefighter terminated active service with the fire department associated with the applicable account, multiplied by the number of years of good time service credit that the firefighter has in the applicable account.

Subd. 3. **Payment.** A lump-sum service pension under this section must be paid in a single payment, with the applicable portion of the total lump-sum service pension payment amount deducted from each lump-sum retirement account.

Sec. 27. Minnesota Statutes 2014, section 353G.14, is amended to read:

353G.14 PURCHASE OF ANNUITY CONTRACTS.

The executive director may purchase an annuity contract on behalf of a retiring firefighter retiring from the lump-sum retirement division of the statewide retirement plan with a total premium payment in an amount equal to the lump-sum service pension payable under section 353G.09 if the purchase was requested by the retiring firefighter in a manner prescribed by the executive director. The annuity contract must be purchased from an insurance carrier that is licensed to do business in this state. If purchased, the annuity contract is in lieu of any service pension or other benefit from the lump-sum retirement plan of the retirement plan. The annuity contract may be purchased at any time after the volunteer firefighter discontinues active service, but the annuity contract must stipulate that no annuity amounts are payable before the former volunteer firefighter attains the age of 50.

Sec. 28. Minnesota Statutes 2014, section 353G.15, is amended to read:

353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.

Upon receipt of a determination that the voluntary statewide volunteer firefighter retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, the executive director, upon request, shall transfer ~~the~~ a lump-sum service pension amount under sections 353G.08 and 353G.11 of a former volunteer firefighter who has terminated active firefighting services covered by the lump-sum retirement division of the statewide plan and who has attained the age of at least 50 years to the person's individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended. The transfer request must be in a manner prescribed by the executive director and must be filed by the former volunteer firefighter who has sufficient service credit to be entitled to a service pension or, following the death of a participating active firefighter, must be filed by the deceased firefighter's surviving spouse.

Sec. 29. Minnesota Statutes 2014, section 353G.16, is amended to read:

353G.16 EXEMPTION FROM PROCESS.

The provisions of section 356.401 apply to the voluntary statewide volunteer firefighter retirement plan.

Sec. 30. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following interest assumption:

(1) select and ultimate interest rate assumption

plan	ultimate interest rate assumption
general state employees retirement plan	8.5%
correctional state employees retirement plan	8.5
State Patrol retirement plan	8.5
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8.5
general public employees retirement plan	8.5
public employees police and fire retirement plan	8.5
local government correctional service retirement plan	8.5
teachers retirement plan	8.5
St. Paul teachers retirement plan	8.5

Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8 percent.

(2) single rate interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighters relief associations	5
<u>monthly benefit retirement plans in the statewide volunteer firefighter retirement plan</u>	<u>6</u>

(b)(1) If funding stability has been attained, the valuation must use a postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, whichever applies.

(2) If funding stability has not been attained, the valuation must use a select postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary estimates that the plan will attain the defined funding stability measure, and thereafter an ultimate postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning when funding stability is projected to be attained.

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5%
judges retirement plan	3
Bloomington Fire Department Relief Association	4

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption B
St. Paul teachers retirement plan	assumption A

For plans other than the St. Paul teachers retirement plan and the local government correctional service retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for the local government

correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	9%
17	5.9	9
18	5.9	9
19	5.9	9
20	5.9	9
21	5.9	8.75
22	5.9	8.5
23	5.85	8.25
24	5.8	8
25	5.75	7.75
26	5.7	7.5
27	5.65	7.25
28	5.6	7
29	5.55	6.75
30	5.5	6.75
31	5.45	6.5
32	5.4	6.5
33	5.35	6.5
34	5.3	6.25
35	5.25	6.25
36	5.2	6
37	5.15	6
38	5.1	6
39	5.05	5.75
40	5	5.75
41	4.95	5.75
42	4.9	5.5
43	4.85	5.25
44	4.8	5.25
45	4.75	5

46	4.7	5
47	4.65	5
48	4.6	5
49	4.55	5
50	4.5	5
51	4.45	5
52	4.4	5
53	4.35	5
54	4.3	5
55	4.25	4.75
56	4.2	4.75
57	4.15	4.5
58	4.1	4.25
59	4.05	4.25
60	4	4.25
61	4	4.25
62	4	4.25
63	4	4.25
64	4	4.25
65	4	4
66	4	4
67	4	4
68	4	4
69	4	4
70	4	4

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E

correctional state employees retirement plan of the
Minnesota State Retirement System

assumption F

service length	A	B	C	D	E	F
1	10.5%	12.03%	12%	13%	8%	6%
2	8.1	8.9	9	11	7.5	5.85
3	6.9	7.46	8	9	7	5.7
4	6.2	6.58	7.5	8	6.75	5.55
5	5.7	5.97	7.25	6.5	6.5	5.4
6	5.3	5.52	7	6.1	6.25	5.25
7	5	5.16	6.85	5.8	6	5.1
8	4.7	4.87	6.7	5.6	5.85	4.95
9	4.5	4.63	6.55	5.4	5.7	4.8
10	4.4	4.42	6.4	5.3	5.55	4.65
11	4.2	4.24	6.25	5.2	5.4	4.55
12	4.1	4.08	6	5.1	5.25	4.45
13	4	3.94	5.75	5	5.1	4.35
14	3.8	3.82	5.5	4.9	4.95	4.25
15	3.7	3.7	5.25	4.8	4.8	4.15
16	3.6	3.6	5	4.8	4.65	4.05
17	3.5	3.51	4.75	4.8	4.5	3.95
18	3.5	3.5	4.5	4.8	4.35	3.85
19	3.5	3.5	4.25	4.8	4.2	3.75
20	3.5	3.5	4	4.8	4.05	3.75
21	3.5	3.5	3.9	4.7	4	3.75
22	3.5	3.5	3.8	4.6	4	3.75
23	3.5	3.5	3.7	4.5	4	3.75
24	3.5	3.5	3.6	4.5	4	3.75
25	3.5	3.5	3.5	4.5	4	3.75
26	3.5	3.5	3.5	4.5	4	3.75
27	3.5	3.5	3.5	4.5	4	3.75
28	3.5	3.5	3.5	4.5	4	3.75
29	3.5	3.5	3.5	4.5	4	3.75
30 or more	3.5	3.5	3.5	4.5	4	3.75

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

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	3.75
State Patrol retirement plan	3.75
judges retirement plan	3
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	3.75
teachers retirement plan	3.75
St. Paul teachers retirement plan	4

(e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 31. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 9

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION WORKING GROUP RECOMMENDATIONS

Section 1. Minnesota Statutes 2014, section 69.051, subdivision 1a, is amended to read:

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

- (2) all disbursements, accounts payable and accounts receivable;
- (3) the amount of money remaining in the treasury;
- (4) total assets, including a listing of all investments;
- (5) the accrued liabilities; and
- (6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor. ~~In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report in accordance with agreed-upon procedures and forms prescribed by the state auditor.~~ The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

- (1) the municipal clerk or clerk-treasurer of the municipality; or
- (2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or
- (3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to financial statements prepared for calendar year 2015 and thereafter.

Sec. 2. Minnesota Statutes 2014, section 69.80, is amended to read:

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

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

Sec. 3. Minnesota Statutes 2014, section 424A.001, is amended by adding a subdivision to read:

Subd. 12. **Membership start date.** Membership in a volunteer firefighters relief association begins upon the date of hire by a municipality, a joint powers board, or an independent nonprofit firefighting corporation with which the relief association is directly associated, unless otherwise specified in the relief association bylaws.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 4. Minnesota Statutes 2014, section 424A.002, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A municipal fire department or an independent nonprofit firefighting corporation, with approval by the applicable municipality or municipalities, may establish a new volunteer firefighters relief association or may retain an existing volunteer firefighters relief association. A municipal fire department or an independent nonprofit firefighting corporation may be associated with only one volunteer firefighters relief association at one time.

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

Sec. 5. Minnesota Statutes 2014, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid and police and firefighter retirement supplemental state aid received by the relief association;

(2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available municipal revenue sources exclusive of fire state aid; and

(3) any amounts equal to the share of the assets of the special fund to the credit of:

(i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 2, paragraph (b), and has not returned to active service with the fire department for a period no shorter than five years; or

(ii) any retired member who retired before obtaining a full nonforfeitable interest in the amounts credited to the individual member account under subdivision 2, paragraph (b), and any applicable provision of the bylaws of the relief association. In addition, any investment return on the assets of the special fund must be credited in proportion to the share of the assets of the special fund to the credit of each individual active member account. Administrative expenses of the relief association payable from the special fund may be deducted from individual accounts in a manner specified in the bylaws of the relief association.

(c) If the bylaws so permit and as the bylaws define, the relief association may credit any investment return on the assets of the special fund to the accounts of inactive members.

(d) Amounts to be credited to individual accounts must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. Amounts forfeited under paragraph (b), clause (3), before a resumption of active service and membership under section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the resumption of active service and membership. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

(e) At the time of retirement under subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

(f) Annually, the secretary of the relief association shall certify the individual account allocations to the state auditor at the same time that the annual financial statement or financial report and audit of the relief association, whichever applies, is due under section 69.051.

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

Sec. 6. Minnesota Statutes 2014, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00

365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00
1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00
2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00
2834	35.00
2916	36.00

2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00
3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00
4293	53.00
4374	54.00
4455	55.00
4536	56.00
4617	57.00
4698	58.00
4779	59.00
4860	60.00
4941	61.00
5022	62.00
5103	63.00
5184	64.00
5265	65.00
5346	66.00
5427	67.00
5508	68.00
5589	69.00
5670	70.00

5751	71.00
5832	72.00
5913	73.00
5994	74.00
6075	75.00
6156	76.00
6237	77.00
6318	78.00
6399	79.00
6480	80.00
6561	81.00
6642	82.00
6723	83.00
6804	84.00
6885	85.00
6966	86.00
7047	87.00
7128	88.00
7209	89.00
7290	90.00
7371	91.00
7452	92.00
7533	93.00
7614	94.00
7695	95.00
7776	96.00
7857	97.00
7938	98.00
8019	99.00
8100	100.00
any amount in excess of	
8100	100.00

(d) For a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension to a retiring member, the maximum lump-sum service pension amount for each year

of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
\$...	\$ 10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760

432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800

2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200

3939	7300
3993	7400
4047	7500
4101	7600
4155	7700
4209	7800
4263	7900
4317	8000
4371	8100
4425	8200
4479	8300
4533	8400
4587	8500
4641	8600
4695	8700
4749	8800
4803	8900
4857	9000
4911	9100
4965	9200
5019	9300
5073	9400
5127	9500
5181	9600
5235	9700
5289	9800
5343	9900
5397	10,000
any amount in excess of 5397	10,000

(e) For a defined benefit relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump-sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a defined benefit relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No defined benefit relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

(h) The method of calculating service pensions must be applied uniformly for all years of active service. Credit must be given for all years of active service except for caps on service credit if so provided in the bylaws of the relief association.

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

Sec. 7. Minnesota Statutes 2014, section 424A.02, subdivision 3a, is amended to read:

Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a defined benefit relief association pays a service pension greater than the maximum service pension associated with the applicable average amount of available financing per active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum service pension amount specified in subdivision 3, paragraph (g), whichever is less, the state auditor shall:

(1) disqualify the municipality or the nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

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

Sec. 8. Minnesota Statutes 2014, section 424A.02, subdivision 9a, is amended to read:

Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or special law to the contrary, a defined benefit relief association paying a monthly service pension may provide a postretirement increase to retired members and ancillary benefit recipients of the relief association if (1) the relief association adopts an appropriate bylaw amendment; and (2) the bylaw amendment is approved by the municipality pursuant to subdivision 10 and section 424A.093, subdivision 6. The postretirement increase is applicable only to retired members and ancillary benefit recipients receiving a monthly service pension or monthly ancillary benefit as of the effective date of the bylaw amendment. The authority to provide a postretirement increase to retired members and ancillary benefit recipients of a relief association contained in this subdivision supersedes any prior special law authorization relating to the provision of postretirement increases.

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

Sec. 9. Minnesota Statutes 2014, section 424A.05, subdivision 2, is amended to read:

Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all fire state aid moneys and police and firefighter retirement supplemental state aid received under sections 69.011 to 69.051 and 423A.022, all taxes levied by or other revenues received from the municipality under sections 424A.091 to 424A.096 or any applicable special law requiring municipal support for the relief association, any ~~moneys~~ funds or property donated, given, granted or devised by any person which is specified for use for the support of the special fund and any interest or investment return earned upon the assets of the special fund. The treasurer of the relief association is the custodian of the assets of the special fund and must be the recipient on behalf of the special fund of all revenues payable to the special fund. The treasurer shall maintain adequate records documenting any transaction involving the assets or the revenues of the special fund. These records and the bylaws of the relief association are public and must be open for inspection by any member of the relief association, any officer or employee of the state or of the municipality, or any member of the public, at reasonable times and places.

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

Sec. 10. Minnesota Statutes 2014, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's individual

retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

(3) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

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

(7) for the payment of administrative expenses of the relief association as authorized under section 69.80.

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

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 424A.092, subdivision 3, is amended to read:

Subd. 3. Financial requirements of relief association; minimum obligation of municipality.

(a) During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

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

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

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

must be utilized in making this calculation. For any asset for which no market value is readily ascertainable, the cost value or the book value, whichever is applicable, must be utilized in making this calculation.

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

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

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

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

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

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

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

(6) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under sections 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A

reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

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

Sec. 12. Minnesota Statutes 2014, section 424A.092, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable, and the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment. If the special fund of the relief association has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

Sec. 13. Minnesota Statutes 2014, section 424A.093, subdivision 5, is amended to read:

Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid and police and firefighter retirement supplemental state aid payable under sections 69.011 to 69.051 and 423A.022 reasonably

anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

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

(d) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 69.051.

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

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

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

Sec. 14. Minnesota Statutes 2014, section 424A.093, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding under subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality served by the fire department to which the relief association is directly associated or by the independent nonprofit

firefighting corporation, as applicable. If the special fund of the relief association has a surplus over full funding under subdivision 4, and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

ARTICLE 10

PARTICULAR VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. **ROSEVILLE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; GOVERNANCE AND ADMINISTRATION.**

Subdivision 1. **Retiree board of trustees representation.** (a) Notwithstanding any provision of Minnesota Statutes, section 424A.04, subdivision 1, to the contrary the membership of the board of trustees of the Roseville Volunteer Firefighters Relief Association (RVFRA) is as provided in paragraph (b), with the additional membership of the chief of the fire department, one elected Roseville municipal official, and one elected or appointed Roseville municipal official appointed by the Roseville City Council if:

(1) all service pensions and survivor benefits have not been annuitized as provided under Minnesota Statutes, section 424A.015, subdivision 3; and

(2) the RVFRA is administered by a governing board.

(b)(1) Beginning the day following the effective date of this section, the RVFRA board of trustees shall consist of three active Roseville firefighters elected from the membership of the RVFRA and three retired members of the RVFRA elected from the membership of the relief association.

(2) Beginning on the January 1 next following the date on which the number of active Roseville firefighters who are members of the RVFRA totals 25 or less, the RVFRA board of trustees shall consist of two active firefighters elected from the membership of the RVFRA, and four retired members of the RVFRA elected from the membership of the RVFRA.

(3) Beginning on the January 1 next following the date on which the number of active Roseville firefighters who are members of the RVFRA totals ten or less, the RVFRA board of trustees shall consist of one active firefighter elected from the membership of the RVFRA, and five retired members of the RVFRA elected from the membership of the RVFRA.

(4) Beginning on the January 1 next following the date on which there are no active Roseville firefighters who are members of the RVFRA, the RVFRA board of trustees shall consist of six retired members of the RVFRA elected from the membership of the RVFRA.

Subd. 2. **Disposition of remaining assets when obligations are paid.** Upon the death of the last benefit recipient and the last potential surviving spouse of the last benefit recipient, the remaining assets of the RVFRA or the former RVFRA cancel to the city treasury of the city of Roseville.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after the city council of Roseville and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. CENTENNIAL VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; LINO LAKES FIREFIGHTER TRANSFERS.

(a) Notwithstanding any provisions of Minnesota Statutes, chapters 424A and 424B, to the contrary, if between May 1, 2015, and December 31, 2017, a Centennial Fire District firefighter elects to become an emergency on-call firefighter employed by a city or nonprofit firefighting corporation adjoining or within the service area of the Centennial Fire District as it existed on March 1, 2015, the firefighter may elect to transfer past retirement coverage for prior firefighting service with the Centennial Fire District as provided in paragraph (b) and to have prospective firefighting service treated as a continuation of past firefighting service for vesting and benefit computation purposes by the volunteer firefighter relief association of the applicable city or nonprofit firefighting corporation if the bylaws of that relief association so permit or by the voluntary statewide volunteer firefighter retirement plan if that plan provides retirement coverage to the applicable fire department.

(b) If a change in fire department service described in paragraph (a) is made in a timely fashion, upon notification by the fire chief of the fire department of the municipality or nonprofit firefighting corporation described in paragraph (a) to the secretary of the applicable volunteer firefighter relief association or to the executive director of the Public Employees Retirement Association, good time service credit, accrued liability associated with the good time service credit, a proportional share of relief association assets on an institution-to-institution basis, and a proportional share of any net accounts payable or receivable must be transferred from the Centennial Volunteer Firefighters Relief Association to the applicable account in the voluntary statewide volunteer firefighter retirement plan or to the applicable volunteer firefighter relief association retirement plan. The transferring good time service credit must be the years and months of credit indicated in the firefighter's records in the Centennial Volunteer Firefighters Relief Association on the date of transfer. The transferred accrued liability must be the liability for the transferred good time service credit at the service pension level under Minnesota Statutes, section 424A.092 or 424A.093, whichever applies, or under Minnesota Statutes, section 353G.11, subdivision 1, whatever is applicable to the fire department successively employing the firefighter. The transferred assets amount must be that portion of the market value of the assets of the Centennial Volunteer Firefighters Relief Association as of the December 31 preceding the transfer date determined by expressing the total length of good time service credit multiplied by the applicable multiple of

the applicable liability table factor in Minnesota Statutes, section 424A.092, subdivision 2, of all active and deferred members of the Centennial Volunteer Firefighters Relief Association, adjusted for any deferred member deferral period interest, and applying that percentage to the asset market value. If there are any accounts payable or accounts receivable as of the December 31 preceding the transfer date, the same percentage as applicable to the asset transfer must be applied to the net accounts payable/receivable amount, with the result deducted from or added to the ultimate transfer amount. Any dispute about these transfer amounts must be referred for resolution by the volunteer firefighter relief association to the Office of Administrative Hearings for resolution under Minnesota Statutes, chapter 14.

(c) The transfer dates under this section are January 1, 2016, January 1, 2017, or January 1, 2018.

(d) The asset transfer under paragraph (b) must be made in cash unless the secretary of the successor of the volunteer firefighter relief association or the executive director of the State Board of Investment, whichever applies, determines that the transfer may be made on an investment security basis, and if so determined, must be in the investment security portfolio mix specified by the secretary of the successor of the volunteer firefighter relief association or the executive director of the State Board of Investment.

(e) The transfer of good time service credit and accrued liability constitutes a forfeiture of any claim by the transferring firefighter to any service pension or ancillary benefit payment from the Centennial Volunteer Firefighters Relief Association as of the transfer date and must be so reflected in any financial reporting of the Centennial Volunteer Firefighters Relief Association as of the December 31 preceding the transfer date.

(f) With respect to any transferred firefighter under this section, the successor volunteer firefighter relief association or the account of the voluntary statewide volunteer firefighter retirement plan applicable to the successor fire department is the successor in interest to the Centennial Volunteer Firefighters Relief Association and has and may assert any applicable defense that the Centennial Volunteer Firefighters Relief Association could have asserted if the transfer did not occur unless the act or acts constituting the cause of action were not undertaken by the Centennial Volunteer Firefighters Relief Association in good faith and in compliance with applicable state law.

EFFECTIVE DATE; LOCAL APPROVAL REQUIREMENT. This section is effective the day after the latest date on which the governing bodies and the chief clerical officers of the cities of Centerville, Circle Pines, and Lino Lakes timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 11

SMALL GROUP RETIREMENT CHANGES

Section 1. Minnesota Statutes 2014, 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 Minnesota Crop Improvement Association;

(4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;

(5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;

(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)~~ (6);

(7) employees of the legislature who are 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;~~

(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;

(9) employees of the Minnesota Safety Council;

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

(11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;

(12) judges of the Tax Court;

(13) personnel who were 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;

(14) personnel who are employed as seasonal employees in the classified or unclassified service;

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

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

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply;

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply;

(19) employees of the Minnesota Sports Facilities Authority;

(20) employees of the Minnesota Association of Professional Employees;

(21) employees of the Minnesota State Retirement System;

(22) employees of the State Agricultural Society;

(23) employees of the Gillette Children's Hospital Board who were employed in the state unclassified service at the former Gillette Children's Hospital on March 28, 1974; and

(24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003.

(b) Employees specified in paragraph (a), clause (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 July 1, 2015.

Sec. 2. Minnesota Statutes 2014, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), (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 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 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~~ an 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 commissioner, deputy commissioner, 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, the state court administrator and judicial district administrators;

(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 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;

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

(16) an employee of Enterprise Minnesota, Inc.;

(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 and applies to any legislative employee who had that status as of that date.

Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose annual salary from one governmental subdivision is stipulated in advance to exceed \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year employee and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate

under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b; ~~and~~

(9) employees of the Minnesota River Area Agency on Aging who were first employed by a Regional Development Commission before January 1, 2016, and who are not excluded employees under subdivision 2b; and

~~(9)~~ (10) employees of the Public Employees Retirement Association.

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

(c) If in any subsequent year the annual salary of an included public employee is less than the minimum salary threshold specified in this subdivision, the member retains membership eligibility.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

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

Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

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

(1) persons whose annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an 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;

(3) election judges and persons employed solely to administer elections;

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

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the

salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

(9) persons who are:

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

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

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

(11) except for employees of Hennepin County or employees of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit or under an H-1b visa initially issued or extended for a combined period of less than three years of employment but upon extension of the employment of the visa beyond the three-year period, the foreign citizen must be reported for membership beginning on the first of the month following the extension if the monthly earnings threshold as provided under subdivision 2a is met;

(12) 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;

(13) 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 general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but 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 general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(15) 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;

(16) electrical workers, plumbers, carpenters, and associated trades personnel who are 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 pension plan applicable to Carpenters Local 322 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;

(17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are 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;

(18) plumbers who are 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;

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

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

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

(22) reemployed annuitants of the association during the course of that reemployment;

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof; and

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; and

(25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539

pension plan, who were first employed before May 2, 2015, and who elected to be excluded under section 5.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

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

Sec. 5. PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN TRADES PERSONNEL.

An electrician or pipefitter who is employed by the Minneapolis Park and Recreation Board on the effective date of this section and who has pension coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539, may elect to be excluded from pension coverage by the Public Employees Retirement Association. The exclusion election must be made in writing on a form prescribed by the executive director of the Public Employees Retirement Association and must be filed with the executive director. The exclusion election is irrevocable. Authority to make the coverage exclusion expires on January 1, 2016.

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

Sec. 6. MSRS-GENERAL; EXCLUDED SEASONAL REVENUE DEPARTMENT EMPLOYMENT SERVICE CREDIT PURCHASE.

(a) An eligible person described in paragraph (b) is eligible to make a service credit purchase described in paragraph (c) for the period of service indicated in paragraph (d) if made by the expiration date specified in paragraph (e).

(b) An eligible person is a person who:

(1) was born on May 7, 1963;

(2) was a seasonal employee of the Department of Revenue in fiscal years 1988, 1989, 1990, 1991, 1992, 1993, and 1994 and was excluded from general state employees retirement plan coverage under Minnesota Statutes 1988, section 352.01, subdivision 2b, clause (20);

(3) became a full-time employee of the Department of Revenue on October 12, 1993; and

(4) was not eligible to purchase this period of service credit under Laws 1997, chapter 241, article 8, section 7.

(c) The service credit purchase must be made as provided in Minnesota Statutes, section 356.551, except that, because of delays admitted to by the Minnesota State Retirement System in providing necessary information to permit an eligible person to pursue special legislation in a timely fashion during the 2014 legislative session, the amount payable by an eligible person, if paid before August 1, 2015, is the full actuarial value amount calculated as if the payment was to be made on June 1, 2014, with the balance of the liability accruing to the general state employees retirement plan of the Minnesota State Retirement System.

(d) The period of employment available for an allowable service credit purchase under this section is the period or periods of actual seasonal employment by the Department of Revenue

occurring in fiscal years 1988 to 1994 that was not already credited as allowable service by a retirement plan listed in Minnesota Statutes, section 356.30, subdivision 3.

(e) The service credit purchase must be made before July 1, 2017, or before the person's retirement date, whichever is earlier.

(f) Service credit for the seasonal Department of Revenue employment must be granted by the general state employees retirement plan upon the receipt by the executive director of the Minnesota State Retirement System of the purchase payment amount under paragraph (c).

(g) The eligible person shall provide the executive director of the Minnesota State Retirement System with any relevant information pertaining to this purchase that the director requests.

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

Sec. 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL; ST. PAUL PUBLIC SCHOOL EMPLOYEES WITH ERRONEOUSLY REPORTED EMPLOYMENT TERMINATIONS.

(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 (PERA) for the period specified in paragraph (c) upon making the prior service credit purchase payment indicated in paragraph (d).

(b) An eligible person is a person who:

(1) was born on June 18, 1952;

(2) was initially employed by Independent School District No. 625, St. Paul, in 1987, in a nonteaching employment position;

(3) was initially covered by the general employees retirement plan of PERA;

(4) was erroneously reported to PERA by Independent School District No. 625, St. Paul, as having terminated employment in August 1993;

(5) did not have member contributions deducted for the general employees retirement plan of PERA for the period of August 1, 1993, through January 3, 1997; and

(6) had the error discovered in 1998 and received PERA general plan allowable service credit for the period of July 1, 1994, through January 3, 1997.

(c) The period authorized for a purchase of prior allowable service credit is August 1, 1993, through June 30, 1994.

(d) To purchase the prior allowable service credit in paragraph (c), the eligible person shall make the member contributions that would have been deducted from the person's salary if the eligible person had been included in PERA general plan retirement coverage during the period of August 1, 1993, through June 30, 1994, without compound interest because Independent School District No. 625, St. Paul, admitted to failing to timely and fully inform an eligible person in 1998 of its reporting error to PERA that caused an allowable service credit loss and agreed additionally to pay the interest charge on the equivalent member contribution amount.

(e) If an eligible person makes the payment specified under paragraph (d), Independent School District No. 625, St. Paul, shall pay the balance of the full actuarial value prior service credit payment amount provided for in Minnesota Statutes, section 356.551, within 60 days of the date on which the executive director of PERA certifies that the eligible person's payment was received by PERA. If Independent School District No. 625, St. Paul, does not make the payment required by this paragraph in a timely manner, the executive director of PERA shall certify: (1) that payment was not timely; (2) the amount of the unpaid employer obligation under this paragraph; and (3) interest at a monthly rate of 0.71 percent from the date on which the eligible person made the payment under paragraph (d) until the first day of the first month next following the certification to the commissioner of education, who shall withhold that amount from any state aid payable to Independent School District No. 625, St. Paul.

(f) Upon receipt of the payment under paragraph (d), PERA shall grant allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, to the eligible person.

(g) This section expires on December 31, 2016.

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

Sec. 8. **PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED CONTRIBUTION PERIOD; NASHVILLE TOWNSHIP EMPLOYEE.**

(a) Notwithstanding any provision to the contrary, an eligible person described in paragraph (b) is entitled to purchase from the general employees retirement plan of the Public Employees Retirement Association (PERA) allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member deductions in paragraph (c).

(b) An eligible person is a person who:

(1) was born on August 8, 1938;

(2) was first employed by Nashville Township on April 1, 1994;

(3) was eligible for retirement coverage by and membership in the general employees retirement plan of PERA on July 1, 1998; and

(4) had omitted deductions paid for allowable service for Nashville Township back to July 1, 2010.

(c) The period of prior service credit available for purchase is the period from July 1, 1998, to June 30, 2010, during which no member contributions for the general employees retirement plan of PERA were deducted from the eligible person's salary by Nashville Township, and which could not be corrected through the PERA omitted contribution provision due to the three-year time limit in the provision.

(d) The purchase payment amount payable by the eligible person is the employee contributions that should have been made, plus 8.5 percent interest compounded annually from the date each deduction should have occurred, until the date paid to PERA. The purchase payment amount payable by Nashville Township is the balance of the full actuarial value prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551, as of the first day of the month next following the receipt of the eligible person's payment that is remaining after deducting the purchase payment amount payable by the eligible person.

(e) The payment amount due from Nashville Township under paragraph (d) must be made on or before the 15th of the month next following the receipt of the eligible person's payment under paragraph (d). If the Nashville Township purchase payment amount is not paid in a timely fashion, the amount due accrues compound monthly interest at the rate of 0.71 percent per month from the first day of the month next following the receipt of the eligible person's payment until the Nashville Township purchase payment amount is received by PERA. If Nashville Township fails to pay its portion of the purchase payment amount to PERA 90 days after the receipt of the eligible person's payment, the executive director shall collect the unpaid amount under Minnesota Statutes, section 353.28, subdivision 6, paragraph (a).

(f) The eligible person must provide the executive director of PERA with any relevant requested information pertaining to this service credit purchase.

(g) Authority to make a service credit purchase under this section expires on June 30, 2015, or upon the eligible person's termination of employment under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

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

ARTICLE 12

MSRS, PERA, AND TRA ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2014, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered correctional service" means service by a state employee in one of the employment positions with the Minnesota Specialty Health System-Cambridge 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 Specialty Health System-Cambridge 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) 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.

(c) A Department of Human Services employee who was employed at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014 conversion to the community-based homes and was in covered correctional service at the time of the transition shall continue to be covered by the correctional employees retirement plan while employed by and without a break in service with the Department of Human Services in the direct care and treatment ~~services administration~~ of patients.

EFFECTIVE DATE. This section is effective retroactively from August 1, 2014.

Sec. 2. Minnesota Statutes 2014, section 352B.10, subdivision 5, is amended to read:

Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship coverage under section 352B.11, subdivision 2b, the normal disability benefit or an optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional annuity must be made in writing, on a form prescribed by the executive director, and ~~must~~ may be made before the commencement of the payment of the disability benefit, ~~or. If the disabilitant did not select an optional annuity at the time of application, the disabilitant may select an optional annuity under this section within 90 days before reaching age 55 or within 90 days before reaching the five-year anniversary of the effective date of the disability benefit, whichever is later.~~ The optional annuity is effective on the date on which the disability benefit begins to accrue, or the month following the attainment of age 55 or following the five-year anniversary of the effective date of the disability benefit, whichever is later.

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

Sec. 3. Minnesota Statutes 2014, section 352B.105, is amended to read:

352B.105 TERMINATION OF DISABILITY BENEFITS.

Subdivision 1. **Termination.** Disability benefits payable under section 352B.10 must terminate on the transfer date; on which the disabilitant transfers status as a disabilitant to status as a retirement annuitant.

Subd. 2. **Pre-July 1, 2015, disabilitants.** The transfer date for a person whose disability benefits began to accrue before July 1, 2015, and who is still disabled is the end of the month in which the disabilitant becomes 65 years old or the five-year anniversary of the effective date of the disability benefit, whichever is later. If the disabilitant is still disabled on the transfer date, the disabilitant must be deemed to be a retired member and, if the disabilitant had chosen an optional annuity under section 352B.10, subdivision 5, must receive an annuity under the terms of the optional annuity previously chosen. If the disabilitant had not chosen an optional annuity under section 352B.10, subdivision 5, the disabilitant may then choose to receive either a normal retirement annuity computed under section 352B.08, subdivision 2, or an optional annuity as provided in section 352B.08, subdivision 3. An optional annuity must be chosen within 90 days

~~of attaining the transfer date. If an optional annuity is chosen, the optional annuity accrues on the first of the month next following the transfer date.~~

Subd. 3. **Post-June 30, 2015, disabilitants.** The transfer date for a person whose disability benefits began to accrue after June 30, 2015, and who is still disabled is the end of the month in which the disabilitant becomes 55 years old or the five-year anniversary of the effective date of the disability benefit, whichever is later.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the wages or periodic compensation payable to a public employee by the employing governmental subdivision before:

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages;

(3) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(4) ~~the amount paid to~~ for a member who is absent from employment by reason of personal, parental, or military due to an authorized leave of absence, other than an authorized medical leave of absence, the compensation paid during the leave if equivalent to the hourly base salary rate in effect during the six months of allowable service, or portions thereof, prior to the leave, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the applicable leave of absence;

(5) ~~the amount paid to for~~ a member who is absent from employment by reason of an authorized medical leave of absence, the compensation paid during the leave if specified in advance to be at least one-half of, but no more than equal to, the earnings the member received, on which contributions were reported and allowable service credited during the six months immediately preceding the medical leave of absence; and

(6) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

(1) fees paid to district court reporters;

(2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or periodic payments;

(3) for the donor, payment to another person of the value of hours donated under a benevolent vacation, personal, or sick leave donation program;

(4) any form of severance or retirement incentive payments;

(5) an allowance payment or per diem payments for or reimbursement of expenses;

(6) lump-sum settlements not attached to a specific earnings period;

(7) workers' compensation payments or disability insurance payments, including payments from employer self-insurance arrangements;

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

(9) employer-paid fringe benefits, including, but not limited to:

(i) employer-paid premiums or supplemental contributions for employees for all types of insurance;

(ii) membership dues or fees for the use of fitness or recreational facilities;

(iii) incentive payments or cash awards relating to a wellness program;

(iv) the value of any nonmonetary benefits;

(v) any form of payment made in lieu of an employer-paid fringe benefit;

(vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity program; and

(vii) any amount paid by the employer as a supplement to salary, either as a lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not available to the employee as cash;

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

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

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

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

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

(12) the amount of compensation that exceeds the limitation provided in section 356.611;

(13) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant; and

(14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

(c) Amounts, other than those provided under paragraph (a), clause (3), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 5. Minnesota Statutes 2014, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. **Termination of public service.** (a) "Termination of public service" occurs ~~(t)~~ when:

(1) a member resigns or is dismissed from public service by the employing governmental subdivision and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position ~~in the same~~ with a governmental subdivision; or

(2) ~~when~~ the employer-employee relationship is severed due to the expiration of a layoff under subdivision 12 or 12c.

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

(c) A termination of public service does not occur if:

(1) prior to termination of service, the member has an agreement, verbal or written, to ~~return provide service~~ to a governmental subdivision as an employee; or to the same governmental subdivision as an independent contractor; or employee of an independent contractor; or

(2) within 30 days after the date the employment relationship ended, the member provides service to the same governmental subdivision as an independent contractor or employee of an independent contractor.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 6. Minnesota Statutes 2014, 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 deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, ~~subdivision~~ subdivisions 12 and 12a, and 353.35;

(3) 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;

(4) a period of authorized leave of absence ~~with pay~~ during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) 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 or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for each month in up to 12 months of the authorized leave period by payment under section 353.0161 or 353.0162, to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to 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;~~

(6) 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, excluding overtime pay, 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 30 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;

(7) 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;

(8) 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 with the same governmental subdivision 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 must be 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 30 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; or

(9) a period specified under section 353.0162.

~~(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.~~

~~(e) (b) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.~~

(d) MS 2002 [Expired]

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 7. Minnesota Statutes 2014, 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 by the association. 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).~~

~~(e) (b) Notwithstanding the 30-day separation requirement under paragraph (a), a member of 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) (c) 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 July 1, 2015.

Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 36, is amended to read:

Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is considered a "volunteer firefighter" for all service for which the person receives credit in an association or fund operating under chapter 424A or credit in the retirement plan established under chapter 353G.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 9. Minnesota Statutes 2014, section 353.0161, is amended by adding a subdivision to read:

Subd. 3. Restriction on subsequent purchases. To purchase salary credit or service credit for a subsequent authorized leave of absence period, the member must return to public service and render a minimum of three months of allowable service credit.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.

(a) A member may purchase additional salary credit for a period specified in this section.

(b) The applicable period is a period during which the member is receiving a reduced salary from the employer while the member is:

(1) receiving temporary workers' compensation payments related to the member's service to the public employer;

(2) on an authorized ~~medical~~ leave of absence; or

(3) on an authorized partial paid leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision.

(c) The differential salary amount is the difference between the average monthly salary received by the member during the period of reduced salary under this section and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(d) To receive eligible salary credit, the member shall pay an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable months from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized medical leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 consecutive months of authorized medical leave.

(h) To purchase salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 353.03, subdivision 3, is amended to read:

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

(1) elect a president and vice-president;

(2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund;

(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;

(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, 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 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

(6) authorize procedures for use of electronic signatures as defined in section 325L.02, paragraph (h), on applications and forms required by the association;

~~(6)~~ (7) 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;

~~(7)~~ (8) 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;

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

(9) (10) approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(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.

(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 management and budget. 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.

(d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures must define the types of activities and expenses that qualify for reimbursement, must provide that all out-of-state travel be authorized by the board, and 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 Management and Budget and the Department of Administration.

(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 July 1, 2015.

Sec. 12. Minnesota Statutes 2014, section 353.031, subdivision 5, is amended to read:

Subd. 5. **Medical adviser.** The executive director may contract with an accredited independent organization specializing in disability determinations or a licensed physician or physicians on the staff of the state commissioner of health, as designated by the commissioner, physician 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.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 13. Minnesota Statutes 2014, section 353.031, subdivision 10, is amended to read:

Subd. 10. **Restoring forfeited service and salary credit.** (a) To restore forfeited service and salary credit, 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.

(b) Except for the salary credit purchase authorized under section 353.0162, paragraph (b), clause (1), no purchase of prior service or payment made in lieu of salary deductions otherwise authorized under section 353.01 or 353.0162 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, 2015.

Sec. 14. Minnesota Statutes 2014, section 353.27, subdivision 10, is amended to read:

Subd. 10. **Employer exclusion reports.** (a) The head of a department or a designated representative shall annually furnish the executive director with an exclusion report listing and certifying only those employees in potentially PERA general employees retirement plan-eligible positions who were not reported as members of the general employees retirement plan and who worked during the school year for school employees and calendar year for nonschool employees. ~~The department head must certify the accuracy and completeness of the exclusion report to the association.~~ The executive director shall prescribe the manner and forms, including standardized exclusion codes, to be used by a governmental subdivision in preparing and filing exclusion reports. Also, the executive director shall check the exclusion report to ascertain whether any omissions have been made ~~by a department head~~ in the reporting of new public employees for membership. The executive director may delegate an association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

(b) If an employer fails to comply with the reporting requirements under this subdivision, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 15. Minnesota Statutes 2014, section 353.29, subdivision 7, is amended to read:

Subd. 7. **Annuities; accrual.** (a) Except as to elected public officials, a retirement annuity granted under this chapter begins with the first day of the first calendar month after the date of termination of public service. The annuity must be paid in equal monthly installments and does not accrue beyond the end of the month in which entitlement to the annuity has terminated. ~~If the annuitant dies 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.~~

(b) An annuity granted to an elective public official accrues on the day following expiration of public office or expiration of the right to hold that office. The annuity for the month during which the expiration occurred is prorated accordingly.

(c) An annuity, once granted, must not be increased, decreased, or revoked except under this chapter.

(d) An annuity payment may be made retroactive for up to one year prior to that month in which a complete application is received by the executive director under subdivision 4.

(e) If an annuitant dies before negotiating the check for the month in which death occurs, payment must first be made to the surviving spouse, or if none, then to the designated beneficiary, or if none, lastly to the estate.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 16. Minnesota Statutes 2014, section 353.33, subdivision 6, is amended to read:

Subd. 6. **Continuing eligibility for benefits.** Disability benefits are contingent upon a disabled person's participation in a vocational ~~rehabilitation evaluation~~ assessment 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, 2015.

Sec. 17. Minnesota Statutes 2014, section 353.33, subdivision 13, is amended to read:

Subd. 13. **Postretirement adjustment eligibility.** (a) A disability benefit under this section is eligible for postretirement adjustments under section 356.415.

(b) When a disability benefit terminates under subdivision 11, the retirement annuity elected by the individual must include all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 18. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for an annuity from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a governmental subdivision ~~in a position covered by this chapter~~ or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the MERF division.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 19. Minnesota Statutes 2014, section 353.656, subdivision 1a, is amended to read:

Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, 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 3.0 percent 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 upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled, and may upon application, elect an optional annuity under subdivision 1b.

(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, 2015.

Sec. 20. Minnesota Statutes 2014, section 353.656, subdivision 1b, is amended to read:

Subd. 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. If the election of an actuarial equivalent optional annuity is made before the commencement of payment of the disability benefit, the optional annuity must begin to accrue on the same date as the disability benefit covering only the ~~disability~~ disability benefit recipient would have accrued.

(b) If an election of an optional annuity is not made before the commencement of the disability benefit, the ~~disability~~ disability benefit recipient 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; or

(4) upon being determined that the disability benefit recipient continues to be disabled under subdivision 1, but is no longer totally and permanently disabled under subdivision 1a.

(c) If a disabled member who has named a joint and survivor optional annuity beneficiary dies before the disability benefit ceases and is recalculated under subdivision 5a, the beneficiary eligible to receive the joint and survivor annuity may elect to have the annuity converted at the times designated in paragraph (b), clause (1), (2), or (3), whichever allows for the 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 permanently waives surviving spouse coverage on the disability application form prescribed by the executive director.

(e) If the spouse of the member permanently waives survivor coverage, the dependent child or children, if any, continue to be eligible for dependent child benefits under section 353.657, subdivision 3, and the designated optional annuity beneficiary may draw the monthly benefit.

(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, 2015.

Sec. 21. Minnesota Statutes 2014, section 353.656, subdivision 2, is amended to read:

Subd. 2. **Benefits paid under workers' compensation law.** (a) If When the amount determined under paragraph (b) exceeds the equivalent salary determined under paragraph (c), the disability benefit amount must be reduced to that amount which, when added to the workers' compensation benefits, equals the equivalent salary.

(b) When a member becomes disabled and receives receiving a disability benefit as specified in this section and is also entitled to receive lump sum or periodic benefits under workers' compensation laws, the single life annuity actuarial equivalent disability benefit amount and the workers' compensation amount must be added. The computation must exclude any attorney fees paid by the ~~disability~~ disability benefit recipient as authorized under applicable workers' compensation laws. The computation must also exclude permanent partial disability payments provided under section 176.101, subdivision 2a, and retraining payments under section 176.102, subdivision 11, if the permanent partial disability or retraining payments are reported to the executive director in a manner specified by the executive director.

(b) (c) The equivalent salary is the amount determined under clause (1) or (2), whichever is greater:

(1) the salary the disabled member received as of the date of the disability; or

(2) the salary currently payable for the same employment position or substantially similar positions in the applicable government subdivision.

~~(c) If the amount determined under paragraph (a) exceeds the equivalent salary determined under paragraph (b), the disability benefit amount must be reduced to that amount which, when added to the workers' compensation benefits, equals the equivalent salary.~~

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 22. Minnesota Statutes 2014, 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, 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 single life disability benefit, and workers' compensation benefit if applicable, exceed the disability benefit recipient's reemployment earnings limit, the amount of the disability benefit must be reduced during the months of employment and receipt of workers' compensation benefits, if applicable, as provided in this paragraph. The disability benefit recipient's reemployment earnings limit is the greater of:~~

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

(2) 125 percent of the base monthly 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 monthly disability benefit, any monthly workers' compensation benefits if applicable, and actual monthly earnings exceed the greater disability benefit recipient's reemployment earnings limit. In no event may the monthly disability benefit as adjusted under this subdivision exceed the disability benefit originally allowed.~~

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 23. Minnesota Statutes 2014, section 353.656, subdivision 5a, is amended to read:

Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the payment of 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 plan 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-1b~~, paragraph (a), the individual may elect an optional annuity under subdivision ~~1a-1b~~, 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 disability benefit terminates under paragraph (b), clause (1) or (2), and 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 Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415; 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 Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 24. Minnesota Statutes 2014, section 353D.03, subdivision 3, is amended to read:

Subd. 3. **Ambulance service, rescue squad personnel contribution.** (a) A public ambulance service ~~or privately operated ambulance service that receives an operating subsidy from a governmental entity~~ that elects to participate in the plan shall fund benefits for its qualified personnel who individually elect to participate.

(b) Personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf.

(c) Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary.

(d) An ambulance service making contributions for volunteer or largely uncompensated personnel, or a municipality or county making contributions on behalf of rescue squad members who are volunteers or largely uncompensated personnel, may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service or rescue squad service contributions, as applicable.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 25. Minnesota Statutes 2014, section 353E.06, subdivision 5, is amended to read:

Subd. 5. **Disability benefit termination.** (a) The disability benefit paid to a disabled local government correctional employee terminates at the end of the month in which the employee

reaches age ~~65~~ 55, or the first of the month after the expiration of the 60-month period from the effective date of the disability benefit, whichever is later.

(b) If the disabled local government correctional employee is still disabled when the employee reaches has been collecting the disability benefit for 60 months or has reached age ~~65~~ 55, whichever is later, the employee is deemed to be a retired employee and, if the employee had elected an optional annuity under subdivision 3, must receive an annuity in accordance with the terms of the optional annuity previously elected.

(c) If the employee had not elected an optional annuity under subdivision 3, the employee may elect either to receive a ~~normal~~ single life retirement annuity computed in the manner provided in section 353E.04, subdivision 3, or to receive an optional annuity as provided in section 353.30, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made within 90 days before attaining the age of 65 years, or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later termination of the disability benefit under paragraph (a).

(d) When an individual's disability benefit terminates under this subdivision and is recalculated as a retirement annuity, the annuity must include all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

EFFECTIVE DATE. Paragraphs (a) to (c) are effective for disability benefits that accrue after June 30, 2015. Paragraph (d) is effective July 1, 2015.

Sec. 26. Minnesota Statutes 2014, section 353E.06, subdivision 6, is amended to read:

Subd. 6. **Resumption of employment.** If a disabled employee resumes a gainful occupation from which earnings are less than the monthly salary received at the date of disability or the monthly salary currently paid for similar positions, or should the employee be entitled to receive workers' compensation benefits, the disability benefit must be continued in an amount that, when added to such earnings during the months of employment, and workers' compensation benefits, if applicable, does not exceed the monthly salary received at the date of disability or the monthly salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 27. Minnesota Statutes 2014, section 353F.01, is amended to read:

353F.01 PURPOSE AND INTENT.

The purpose of this chapter is to ensure, to the extent possible, that persons employed at public medical facilities and other public employing units who are privatized and consequently are excluded from retirement coverage by the Public Employees Retirement Association will be entitled to receive future retirement benefits under the general employees retirement plan of the Public Employees Retirement Association commensurate with the prior contributions made by them or made on their behalf upon the privatization of the medical facility or other public employing unit.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 28. Minnesota Statutes 2014, section 353F.02, subdivision 3, is amended to read:

Subd. 3. **Effective date of privatization.** "Effective date of privatization" means the date that the operation of a medical facility ~~or other public employing unit~~ is assumed by another employer or the date that a medical facility ~~or other public employing unit~~ is purchased by another employer and active membership in the Public Employees Retirement Association consequently terminates.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 29. Minnesota Statutes 2014, section 353F.02, subdivision 5a, is amended to read:

Subd. 5a. **Privatized former public employer.** "Privatized former public employer" means a medical facility ~~or other employing unit that was formerly included in the definition of governmental subdivision under section 353.01, subdivision 6,~~ that is privatized and whose employees are certified for participation under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 30. Minnesota Statutes 2014, section 353F.04, subdivision 2, is amended to read:

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

(1) beginning the first of the month in which the privatized former public employee becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if the employee ~~continues to be covered and~~ accrues at least six months of credited service in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

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

~~(2)~~ (3) beginning the first of the month after a privatized former public employee terminates service with the successor entity; or

~~(3)~~ (4) if the person begins receipt of a retirement annuity while employed by the employer which assumed operations of or purchased the privatized former public employer.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 31. Minnesota Statutes 2014, section 353F.051, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** A privatized former public employee who is totally and permanently disabled under ~~Minnesota Statutes 1998,~~ section 353.01, subdivision 19, and who had a medically documented preexisting condition of the disability before the termination of coverage, may apply for a disability benefit.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 32. Minnesota Statutes 2014, section 353F.051, subdivision 2, is amended to read:

Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is entitled to receive a disability benefit calculated under ~~Minnesota Statutes 1998,~~ section 353.33, subdivision 3. The disability benefit must be augmented under ~~Minnesota Statutes 1998,~~ section 353.71, subdivision 2, from the date of termination to the date the disability benefit begins to accrue.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 33. Minnesota Statutes 2014, section 353F.051, subdivision 3, is amended to read:

Subd. 3. **Applicability of general law.** Except as otherwise provided, Minnesota Statutes 1998, section 353.33; applies to a person who qualifies for disability under subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 34. Minnesota Statutes 2014, section 353G.08, subdivision 1, is amended to read:

Subdivision 1. **Annual funding requirements.** (a) Annually, the executive director shall determine the funding requirements of each account in the voluntary statewide lump-sum volunteer firefighter retirement plan on or before August 1. The funding requirements as directed under this section, must be determined using a mathematical procedure developed and certified as accurate by an approved actuary retained by the Public Employees Retirement Association and based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

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

(c) The financial requirements of each account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

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

(3) The amount of ~~anticipated future~~ administrative expenses of the account must be calculated by multiplying the per person dollar amount of the administrative expenses for the most recent prior

calendar year by the ~~factor of 1.035~~ number of active and deferred firefighters reported to PERA on the most recent good time service credit certification form for each account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan is the annual financial requirements of the account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 or supplemental state aid payable under section 423A.022 reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 35. Minnesota Statutes 2014, section 354.445, is amended to read:

354.445 NO ANNUITY REDUCTION.

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota State Colleges and Universities system with at least ten years of combined service credit in a system under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) was not a recipient of an early retirement incentive under section 136F.481;

(4) begins drawing an annuity from the Teachers Retirement Association; and

(5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$62,000 in a calendar fiscal year through employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000 in a calendar fiscal year through employment after retirement due to employment by the Minnesota State Colleges and Universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over \$62,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

EFFECTIVE DATE. (a) This section is effective retroactively from January 1, 2015.

(b) For purposes of the January 1, 2015, to June 30, 2015, period, the \$62,000 exempt income limit must be prorated.

Sec. 36. Minnesota Statutes 2014, section 354.72, subdivision 2, is amended to read:

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), (c), or (d), whichever applies. The employing unit, at its option, may pay the employer portion of the amount on behalf of its employees.

(b) If payment is received by the executive director by June 30 of the fiscal year of the strike period or by December 31 of the fiscal year following an authorized leave included under section 354.093, 354.095, or 354.096, payment must equal the total employee and employer contribution rates, including amortization contribution rates if applicable, multiplied by the member's average monthly salary rate on the date the leave or strike period commenced, or for an extended leave under section 354.094, on the salary received during the year immediately preceding the initial year of the leave; multiplied by the months and portions of a month of the leave or strike period for which the teacher seeks allowable service credit. This paragraph also applies to an extended leave under section 354.094, except that payment must be received by June 30 of the year of the leave, and

the salary used in the computation is the salary received during the year immediately preceding the initial year of the leave.

(c) If payment is made after June 30 and before the following June 30 for a strike period, or ~~for leaves after December 31 of the fiscal year following a leave of absence under section 354.093, 354.095, or 354.096, or for an extended leave of absence under section 354.094,~~ and before July 1, the payment must include the amount determined in paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 for a strike period, or from December 31 for a leave under section 354.093, 354.095, or 354.096, until the last day of the month in which payment is received. If payment is made on or after July 1 and before the following July 1 for an extended leave of absence under section 354.094, the payment must include the amount determined in paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 until the last day of the month in which payment is received.

(d) If payment is received by the executive director after the applicable last permitted date under paragraph (c), the payment amount is the amount determined under section 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under this section may be made anytime before the effective date of retirement.

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

Sec. 37. Minnesota Statutes 2014, section 355.07, is amended to read:

355.07 DECLARATION OF POLICY.

(a) In order to extend to employees of the state, its political subdivisions, and its other governmental employers, and to the dependents and survivors of the employees of those employing units, the basic protection accorded to others by the old age, survivors, and disability insurance system embodied in the Social Security Act, it is hereby declared to be the policy of the legislature, subject to the limitations of this chapter, that these steps are taken to provide protection to employees of the state and its political subdivisions on as broad a basis as may be authorized by the legislature and is permitted under the Social Security Act.

(b) It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this chapter is made applicable to service performed in those positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof when combined with the benefits accorded the employee by the Social Security Act.

(c) To this end, the agreement referred to in section 355.02 must not be made applicable to any service performed in any position covered by a retirement system unless a referendum is first held by secret ballot in which a majority of "eligible employees," as defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless a retirement system is divided in two divisions or parts, one of which is composed of positions of members of the system who desire coverage and one of which is composed of positions of members of the system who do not desire coverage under section 218(d) (3) of the Social Security Act, in accordance with subsections (6) and (7) thereof. The cost of the referendum must be borne by the affected governmental subdivision or subdivisions, which are required to elect a voting method.

(d) If a retirement system is divided as described in paragraph (c), any member of the division of members that did not desire coverage may be transferred to the division of members who did desire coverage as provided in section 218(d)(6)(f) of the Social Security Act so long as the individual files a written request for such a transfer with the director.

~~(d)~~ (e) Nothing in any provision of this chapter authorizes the extension of the insurance system established by this chapter, to service in any police officer's or firefighter's position or in any position covered by a retirement system applicable exclusively to positions in one or more law enforcement or firefighting units, agencies or departments as covered by a retirement system in section 356.30, subdivision 3, clauses (4) and (7).

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 38. Minnesota Statutes 2014, section 356.32, subdivision 1, is amended to read:

Subdivision 1. **Proportionate retirement annuity.** (a) Notwithstanding any provision to the contrary of the laws governing any of the retirement funds enumerated in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year ~~but less than ten~~ years of allowable service in one or more of the covered plans, and who terminates active service under a mandatory retirement law or policy or at ~~age 65 or older, or at the normal retirement age if this age is~~ but not less than age 65, for any reason is entitled upon making written application on the form prescribed by the chief administrative officer of the plan to a proportionate retirement annuity from each covered plan in which the person has at least six months of allowable service credit.

(b) The proportionate annuity must be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years.

(c) Nothing in this section prevents the imposition of the appropriate early retirement reduction of an annuity which commences before the normal retirement age.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 39. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement ~~plans~~ plan, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, and the unclassified state employees retirement program, ~~and the judges retirement plan~~ are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) The increases provided by this subdivision commence on January 1, 2011. Increases under this subdivision for the general state employees retirement plan, the correctional state employees retirement plan, or the judges retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement ~~indicates~~ indicate that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators retirement plan ~~or the elected state established under chapter 3A, including constitutional officers retirement plan specified in that chapter,~~ terminate on December 31 of the calendar year in which ~~the two prior consecutive actuarial valuation valuations~~ prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement ~~indicates~~ indicate that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(c) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2014.

Sec. 40. Minnesota Statutes 2014, section 356.635, subdivision 9, is amended to read:

Subd. 9. **Military service.** Contributions, benefits, including death and disability benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit with respect to qualified military service must be provided according to section 414(u) of the federal Internal Revenue Code. For deaths occurring on or after January 1, 2007, while a member is performing qualified military service as defined in United States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal Revenue Code, survivors of a member in the system are entitled to any additional benefits that the system would have provided if the member had resumed employment and then died, including but not limited to accelerated vesting or survivor benefits that are contingent on the member's death while employed. In any event, a deceased member's period of qualified military service must be counted for vesting purposes.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2007.

Sec. 41. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision to read:

Subd. 10. **Benefit limitations.** For purposes of applying the limits of section 415(b) of the Internal Revenue Code, a retirement benefit that is payable in any form other than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue Code must be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2005.

Sec. 42. **REPEALER.**

Minnesota Statutes 2014, sections 353.025; 353.83; 353.84; 353.85; and 353D.03, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 13

OBSOLETE DATE REVISIONS AND VARIOUS CLARIFICATIONS

Section 1. Minnesota Statutes 2014, 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, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24;~~

~~(2) (1) 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;~~

~~(3) (2) service by an employee 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;~~

~~(4) (3) 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;~~

~~(5) (4) 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;~~

~~(6) (5) service rendered 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;~~

~~(7) (6) service rendered 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 must 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, paragraphs (g) and (h), govern; and

~~(8)~~ (7) 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 under section 352.017.

~~(9)~~ [~~Renumbered clause (8)~~]

~~(10)~~ MS 2002 [~~Expired~~]

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

(b) For purposes of paragraph (a), clauses ~~(2)~~ (1) and ~~(3)~~ (2), 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.

Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 15, is amended to read:

Subd. 15. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is either a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds, or any firm retaining an approved actuary on its staff meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 3. Minnesota Statutes 2014, section 352.021, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) There is established the general state employees retirement plan of the Minnesota State Retirement System for state employees.

(b) The general state employees retirement plan is a continuation of the State Employees Retirement Association.

~~(c) Any person who was a member of the State Employees Retirement Association on June 30, 1967, is covered by the general state employees retirement plan and is entitled to all benefits provided by the plan upon fulfilling the age, service, contribution, and other requirements of this chapter.~~

Sec. 4. Minnesota Statutes 2014, section 352.021, subdivision 3, is amended to read:

Subd. 3. **Optional exemptions.** (a) Any person who is appointed by the governor or lieutenant governor ~~may request exemption from coverage by who is not already covered by the general state employees retirement plan under this chapter if the appointee is not covered by the plan on the date of appointment~~ and who is not an employee listed in section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption from coverage by the plan.

(b) To qualify for this exemption, ~~a written~~ the request must be made within 90 days from the date of entering upon the duties of the position to which the person is appointed.

(c) After making the request, a person requesting the exemption is not entitled to coverage by the general state employees retirement plan while employed in the position that entitled that person to an exemption from coverage.

Sec. 5. Minnesota Statutes 2014, section 352.021, subdivision 4, is amended to read:

Subd. 4. **Reentering service after refund.** When a former employee who has withdrawn accumulated contributions reenters employment in a position entitled to coverage under the general state employees retirement plan, the employee must be covered by the plan on the same basis as a new employee and is not entitled to allowable service credit for any former service. The annuity rights forfeited when taking a refund can only be restored as provided in this chapter section 352.23.

Sec. 6. Minnesota Statutes 2014, section 352.029, subdivision 2, is amended to read:

Subd. 2. **Election.** A person described in subdivision 1 ~~shall be~~ is covered by the system if written election to be covered is delivered to the executive director ~~before December 31, 1992,~~ within 90 days of being employed by the labor organization, or within 90 days of starting the first leave of absence with an exclusive bargaining agent, whichever is later.

Sec. 7. Minnesota Statutes 2014, section 352.22, subdivision 8, is amended to read:

Subd. 8. **Refund specifically limited.** (a) If a former employee covered by the system does not apply for refund within five years after the last deduction was taken from salary for the retirement fund, and does not have enough service to qualify for a deferred annuity, accumulated member and employer contributions must be credited to and become a part of the retirement fund.

(b) If the former employee returns to state service and becomes a state employee covered by the system, the amount credited to the retirement fund, if more than \$25, must be restored to the individual account. If the amount credited to the fund is over \$25 and the former employee applies for refund or an annuity under section 352.72 or 356.30, the amount must be restored to the former employee's individual account and a refund made or an annuity paid, whichever applies.

Sec. 8. Minnesota Statutes 2014, section 352.22, subdivision 10, is amended to read:

Subd. 10. **Other refunds.** Former employees covered by the system are entitled to apply for refunds if they are or become members of the State Patrol retirement fund, the state Teachers Retirement Association, or employees of the University of Minnesota excluded from coverage under the system by action of the Board of Regents; or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2b, clause ~~(7)~~ (6). The refunds must include accumulated contributions plus interest as provided in subdivision 2.

Sec. 9. Minnesota Statutes 2014, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

(a) When any employee accepts a refund as provided in section 352.22, all existing allowable service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate. ~~They must~~

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. In that event, the employee may repay all refunds previously taken from the retirement fund.

(c) Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments previously made in lieu of salary deductions as permitted under law in effect when the payment in lieu of deductions was made; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service ~~once~~ previously credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, clause (5) (4).

(d) Payments under this section for repayment of refunds are to be paid with interest at an annual rate of 8.5 percent compounded annually from the date the refund was taken until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in a lump sum up to six months after termination from service.

Sec. 10. Minnesota Statutes 2014, section 352.75, subdivision 2, is amended to read:

Subd. 2. **New employees.** All persons ~~first~~ employed by the ~~former~~ Metropolitan Transit Commission Council as employees of the Transit Operating Division ~~on or after July 1, 1978~~, are members of the general state employees retirement plan of the Minnesota State Retirement System and are ~~considered~~ state employees for purposes of this chapter unless specifically excluded under section 352.01, subdivision 2b.

Sec. 11. Minnesota Statutes 2014, section 352.87, subdivision 8, is amended to read:

Subd. 8. **Election of coverage.** To be covered by this section, an employee of the Department of Public Safety described in subdivision 1 who is employed in a position described in that subdivision ~~on or after July 1, 1999~~, must file a notice with the executive director of the Minnesota State Retirement System on a form prescribed by the executive director stating whether or not the employee elects to be covered by this section. Notice must be filed ~~by September 1, 1999, or~~ within 90 days of employment, ~~whichever is later~~. Elections are irrevocable during any period of covered employment. A failure to file a timely notice ~~shall be~~ is deemed a waiver of coverage by this section.

Sec. 12. Minnesota Statutes 2014, section 352B.011, subdivision 3, is amended to read:

Subd. 3. **Allowable service.** (a) "Allowable service" means:

(1) service in a month during which a member is paid a salary from which a member contribution is deducted, deposited, and credited in the State Patrol retirement fund;

(2) ~~for members defined in subdivision 10, clause (1), service in any month for which payments have been made to the State Patrol retirement fund under law;~~

(3) ~~for members defined in subdivision 10, clauses (2) and (3), service for which payments have been made to the State Patrol retirement fund under law, service for which payments were made to the State Police officers retirement fund under law after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961;~~

(4) ~~(2)~~ any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtains credit by payment to the fund under section 352B.013; and

(5) (3) eligible periods of uniformed service for which the member obtained service credit by making the payment required under section 352B.086 to the fund.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or until the date of a return to employment if in conformity with section 352B.085.

Sec. 13. Minnesota Statutes 2014, section 352B.07, is amended to read:

352B.07 ACTIONS BY OR AGAINST THE GOVERNING BOARD OF THE RETIREMENT PLAN.

With respect to the State Patrol retirement plan, the board of the Minnesota State Retirement System may sue or be sued in the name of the board of directors of the state retirement system. In all actions brought by or against it, the board shall be represented by the attorney general. The attorney general shall also be the legal adviser for the board. Venue of all actions is in the Ramsey County District Court.

Sec. 14. Minnesota Statutes 2014, section 352B.25, is amended to read:

352B.25 CONTINUING APPROPRIATION; PAYMENT OF PENSION FUNDS BY INDIVIDUALS.

The State Patrol retirement fund and the participation in the Minnesota postretirement investment fund must be disbursed only for the purposes provided in this chapter. The expenses of the system and any benefits or annuities provided in this chapter, other than benefits payable from the Minnesota postretirement investment fund, must be paid from the State Patrol retirement fund. The amounts necessary to make the payments from the State Patrol retirement fund and the participation in the Minnesota postretirement investment fund are annually appropriated from those funds for those purposes.

Sec. 15. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

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

(1) persons whose annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an 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;

- (3) election judges and persons employed solely to administer elections;
- (4) patient and inmate personnel who perform services for a governmental subdivision;
- (5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;
- (6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;
- (7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;
- (8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;
- (9) persons who are:
 - (i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;
 - (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or
 - (iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;
- (10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;
- (11) except for employees of Hennepin County or employees of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit or under an H-1b visa initially issued or extended for a combined period of less than three years of

employment but upon extension of the employment of the visa beyond the three-year period, the foreign citizen must be reported for membership beginning on the first of the month following the extension if the monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met;

(12) 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;

(13) 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 general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but 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 general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(15) 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;

(16) electrical workers, plumbers, carpenters, and associated trades personnel who are 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 pension plan applicable to Carpenters Local 322 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;

(17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are 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;

(18) plumbers who are 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;

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

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

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

(22) reemployed annuitants of the association during the course of that reemployment;

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof; and

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

Sec. 16. Minnesota Statutes 2014, 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, unit or instrumentality of state or local government, or any public body 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 Minnesota Inter-county 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 Seaway Port Authority of Duluth, the Red Wing Port Authority, 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 the Seaway Port Authority of Duluth and other than the Red Wing Port Authority; or any hospital district organized or reorganized ~~prior to~~ before July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; 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.

Sec. 17. Minnesota Statutes 2014, 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 deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivision 12, and 353.35;

(3) 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;

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

(5) 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 for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to 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;

(6) 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, excluding overtime pay, 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 30 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;

(7) 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;

(8) 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 with the same governmental subdivision 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 must be 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 30 days after termination of public service under subdivision 11 a. 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; or

(9) a period specified under section 353.0162.

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

~~(c)~~ For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

~~(d) MS 2002 [Expired]~~

Sec. 18. Minnesota Statutes 2014, section 353.01, subdivision 17, is amended to read:

Subd. 17. **Approved actuary.** "Approved actuary" means ~~any an~~ an actuary who is a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds or any firm retaining such an actuary on its staff meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 19. Minnesota Statutes 2014, section 353.017, subdivision 2, is amended to read:

Subd. 2. **Election.** A person described in subdivision 1 is covered by the association if written election to be covered is delivered to the association within six months of employment by the labor organization ~~or within six months after July 1, 1993, whichever is applicable.~~

Sec. 20. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** The entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, the Minneapolis Employees Retirement Fund division, the public employees police and fire retirement plan, or the local government correctional employees retirement plan to receive an annuity under the law in effect at the time the person terminated public service is ~~herein~~ preserved.

~~The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.~~

Sec. 21. Minnesota Statutes 2014, section 353.64, subdivision 7a, is amended to read:

Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A person who is employed as a police officer ~~on or after the first day of the first payroll period after July 1, 1993,~~ by the Metropolitan Council and who is not eligible for coverage under the agreement with the Secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act because the person's position is excluded from application under United States Code, sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the public employees police and fire fund and is considered to be a police officer within the meaning of this section. The Metropolitan Council shall deduct the employee contribution from the salary of each police officer as required by section 353.65, subdivision 2, shall make the employer contribution for each police officer as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 22. Minnesota Statutes 2014, section 353.64, subdivision 8, is amended to read:

Subd. 8. **Pension coverage for certain state military affairs department firefighters.** A person who is employed as a full-time firefighter ~~on or after the first day of the first payroll period after June 10, 1987,~~ by the Department of Military Affairs of the state of Minnesota and who is not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to state employees because the person's position is excluded from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and section 355.07, is a member of the public employees police and fire fund and is considered to be a firefighter within the meaning of this section. The state Department of Military Affairs shall make the employee contribution deduction from the salary of each full-time Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall make the employer contribution with respect to each firefighter as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 23. Minnesota Statutes 2014, section 353.64, subdivision 9, is amended to read:

Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a) A former member of the association who is an employee of the Minnesota Sheriffs' Association may elect to be a police and fire fund member with respect to service with the sheriffs' association, if written election to be covered is delivered to the board within 60 days after July 1, 1989, or within 60 days after the commencement of employment, whichever is later.

(b) Employee and employer contributions for past service are the obligation of the employee, except that the Minnesota sheriffs' association may pay the employer contributions. The employer shall, in any event, deduct necessary future contributions from the employee's salary and remit all contributions to the association as required by this chapter.

(c) Persons who become association members under this section ~~shall~~ are not be eligible for election to the board of trustees.

Sec. 24. Minnesota Statutes 2014, section 353.64, subdivision 10, is amended to read:

Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. ~~who is a member of the public employees police and fire retirement plan under sections 353.63 to 353.68 if the person is:~~

(1) certified as a paramedic or emergency medical technician by the state under section 144E.28, subdivision 4;

(2) employed full time as a paramedic or emergency medical technician by Hennepin County ~~on or after the effective date specified in Laws 1994, chapter 499, section 2;~~ and

(3) ~~not eligible after the effective date under Laws 1994, chapter 499, section 2;~~ for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics and emergency medical technicians because the person's position is excluded after that date from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07;

~~is a member of the public employees police and fire fund under sections 353.63 to 353.68.~~

Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary of each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 2, shall make the employer contribution for each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 25. Minnesota Statutes 2014, section 353D.071, subdivision 2, is amended to read:

Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision ~~shall~~ apply for purposes of determining required minimum distributions for calendar years ~~beginning with the 2003 calendar year~~ and ~~will~~ must take precedence over any inconsistent provisions of the plan. All distributions required under this section ~~will~~ must be determined and made in accordance with the treasury regulations under section 401(a)(9) of the Internal Revenue Code, including regulations providing special rules for governmental plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a reasonable good faith interpretation of the minimum distribution requirements.

(b) The member's entire interest ~~will~~ must be distributed to the member in a lump sum no later than the member's required beginning date.

(c) If the member dies before the required minimum distribution is made, the member's entire interest ~~will~~ must be distributed in a lump sum no later than as follows:

(1) if the member's surviving spouse is the member's sole designated beneficiary, the distribution must be made by December 31 of the calendar year immediately following the calendar year in which the member died, or by December 31 of the calendar year in which the member would have attained age 70 years, six months, whichever is later;

(2) if the member's surviving spouse is not the member's sole beneficiary, or if there is no designated beneficiary as of September 30 of the year following the year of the member's death, the member's entire interest ~~shall~~ must be distributed by December 31 of the calendar year containing the fifth anniversary of the member's death as directed under section 353D.07, subdivision 5; or

(3) if the member's surviving spouse is the member's sole designated beneficiary and the surviving spouse dies after the member, but before the account balance is distributed to the surviving spouse, paragraph (c), clause (2), ~~shall~~ must apply as if the surviving spouse were the member.

(d) For purposes of paragraph (c), unless clause (3) applies, distributions are considered to be made on the member's required beginning date. If paragraph (c), clause (3), applies, distributions are considered to begin on the date distributions ~~are required to~~ must be made to the surviving spouse under paragraph (c), clause (1).

Sec. 26. Minnesota Statutes 2014, section 354.05, subdivision 10, is amended to read:

Subd. 10. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is ~~either a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds or any firm retaining such an actuary on its staff~~ meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 27. Minnesota Statutes 2014, 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, and 611;~~

~~(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 under Minnesota Statutes 1980, section 354.09 and section 354.51;~~

~~(3) (1) 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;~~

~~(4) (2) 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;~~

~~(5) (3) any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund under 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;~~

~~(6) (4) 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;~~

~~(7) (5) any service rendered where contributions were made and no 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;

~~(8) MS 2002 [Expired]~~

~~(9) (6) a period of time during which a teacher was on strike without pay, not to exceed a period of one year, if payment in lieu of salary deductions is made under section 354.72;~~

~~(10) (7) 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; or~~

~~(11) (8) a period of service before July 1, 2015, that was properly credited as allowable service by the Duluth Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Independent School District No. 709, Duluth, or by an employee of the Duluth Teachers Retirement Fund Association who was a member of the Duluth Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Duluth Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2015, 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 Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable service" only as provided by this chapter.~~

Sec. 28. Minnesota Statutes 2014, section 354.05, subdivision 25, is amended to read:

Subd. 25. **Formula service credit.** "Formula service credit" means any allowable service credit as defined in subdivision 13 except:

~~(1) Any service rendered prior to July 1, 1951, for which payments were made pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the Teachers Retirement Association as of July 1, 1961 by the ratio obtained between the total amount paid and the maximum amount payable for those years;~~

~~(2) Any service rendered prior to July 1, 1957 for which payments were made pursuant to section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement association by the ratio obtained between the total amount paid and the maximum amount payable for those years; or~~

~~(3) (1) any service rendered for which contributions were not made in full as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the retirement contribution payable for the fiscal year pursuant to under sections 354.092, 354.42, and 354.51; and~~

~~(4)~~ (2) no period of service ~~shall~~ may be counted more than once for purposes of this subdivision.

Sec. 29. Minnesota Statutes 2014, section 354.07, subdivision 5, is amended to read:

Subd. 5. **Records; accounts; interest.** (a) The board shall keep a record of the receipts and disbursements of the fund and a separate account ~~with~~ for each member of the association. The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves.

(b) It shall determine annually the annual interest earnings of the fund which shall include realized capital gains and losses. ~~Any amount in the capital reserve account on July 1, 1973, shall be transferred to the employer contribution's account.~~

(c) The annual interest earnings ~~shall~~ must be apportioned and credited to the separate members' accounts except those covered under the provisions of section 354.44, subdivision 6. The rate to be used in this distribution, ~~computed to the last full quarter percent shall,~~ must be determined by dividing the interest earnings by the total invested assets of the fund. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts ~~shall~~ must be credited to the gross interest earnings for the next succeeding year.

Sec. 30. Minnesota Statutes 2014, section 354.092, subdivision 4, is amended to read:

Subd. 4. **Service credit.** A member may not receive more than three years of allowable service credit in any ten consecutive years under this section ~~unless the allowable service credit was paid for by the member before July 1, 1962.~~ Notwithstanding the provisions of any agreements 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 sabbatical leave.

Sec. 31. Minnesota Statutes 2014, section 354.42, subdivision 1a, is amended to read:

Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement Association and the state treasury is created a special retirement fund, which must include all the assets of the Teachers Retirement Association and all revenue of the association. ~~The fund is the continuation of the fund established under Laws 1931, chapter 406, section 2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1, by Laws 1974, chapter 289, section 59.~~

(b) The teachers retirement fund must be credited with all employee and employer contributions, all investment revenue and gains, and all other income authorized by law.

(c) From the teachers retirement fund is appropriated the payments of annuities and benefits authorized by this chapter and the reasonable and necessary expenses of administering the fund and the association.

Sec. 32. Minnesota Statutes 2014, section 354.44, subdivision 8, is amended to read:

Subd. 8. **Annuity payment; provision of evidence of receipt.** (a) An annuity or benefit for a given month must be paid during the first week of that month.

(b) Evidence of receipt of the check issued or acknowledgment of the amount electronically transferred in payment of an annuity or benefit may be required from the payee on a form prescribed by the executive director. The evidence of receipt form may be required periodically at times

specified by the board. ~~In the event~~ If the filing of an evidence of receipt form is required and the form is not filed, future annuities or benefits must be withheld until the form is submitted.

Sec. 33. Minnesota Statutes 2014, section 354.44, subdivision 9, is amended to read:

Subd. 9. **Determining applicable law.** ~~An employee~~ A former teacher who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least 85 days of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

Sec. 34. Minnesota Statutes 2014, 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, 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 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.

Sec. 35. Minnesota Statutes 2014, section 354.48, subdivision 3, is amended to read:

Subd. 3. **Computation of benefits.** ~~(a) The amount of the disability benefit granted to members covered under section 354.44, subdivision 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 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 under Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this paragraph, as further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger.~~

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

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

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

~~(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;~~

~~(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.~~

~~(d)~~ (a) The disability benefit granted to members covered under section 354.44, subdivision 6, ~~shall~~ must be computed in the same manner as the annuity provided in section 354.44, subdivision 6. The disability benefit ~~shall be~~ is 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.

~~(e)~~ (b) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits ~~shall~~ must 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~~ must be reduced to an amount equal to the disabled member's average salary.

Sec. 36. Minnesota Statutes 2014, section 354.51, subdivision 1, is amended to read:

Subdivision 1. **Eligibility to make payments.** No member ~~shall be~~ is entitled to make payments in lieu of salary deductions to the retirement board to receive allowable service credit for any period of service ~~prior to~~ rendered before that date for which employee contributions were not deducted from the member's salary, except as provided in subdivision ~~4~~ 5, or section 354.50 or 354.53.

Sec. 37. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event that full required member contributions are not deducted from the salary of a teacher, payment ~~must be made~~ as follows:

~~(1) Payment of shortages in member deductions on salary earned after June 30, 1957, and before July 1, 1981, may be made any time before retirement. Payment must include interest at an annual rate of 8.5 percent compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. If payment of a shortage in deductions is not made, the formula service credit of the member must be prorated under section 354.05, subdivision 25, clause (3).~~

~~(2) Payment of shortages in member deductions on salary earned after June 30, 1981, are the sole obligation of the employing unit and are payable by the employing unit upon notification by the executive director of the shortage with interest at an annual rate of 8.5 percent compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. Effective July 1, 1986, The employing unit shall also pay the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, and if the executive director does not use the recovery procedure in section 354.512, the executive director shall certify the amount of the shortage to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes.~~

~~(3) Payment may not be made for shortages in member deductions on salary earned before July 1, 1957; for shortages in member deductions on salary paid or payable under paragraph (b); or for shortages in member deductions for persons employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and~~

whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution that exceeds the most recent 36 months.

(b) For a person who is employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution, upon the person's election under section 354B.21 of retirement coverage under this chapter, the shortage in member deductions on the salary for employment by the Minnesota State Colleges and Universities system institution of less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution for the most recent 36 months and the associated employer contributions must be paid by the Minnesota State Colleges and Universities system institution, plus annual compound interest at the rate of 8.5 percent from the end of the fiscal year in which the shortage occurred to the end of the month in which the Teachers Retirement Association coverage election is made. An individual electing coverage under this paragraph shall repay the amount of the shortage in member deductions, plus interest, through deduction from salary or compensation payments within the first year of employment after the election under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State Colleges and Universities system may use any means available to recover amounts which were not recovered through deductions from salary or compensation payments. No payment of the shortage in member deductions under this paragraph may be made for a period longer than the most recent 36 months.

Sec. 38. Minnesota Statutes 2014, section 354.52, subdivision 4c, is amended to read:

Subd. 4c. **MnSCU service credit reporting.** For all part-time service rendered ~~on or after July 1, 2004,~~ the service credit reporting requirement in subdivision 4b for all part-time employees of the Minnesota State Colleges and Universities system must be met by the Minnesota State Colleges and Universities system reporting to the association on or before July 31 of each year the final calculation of each part-time member's service credit for the immediately preceding fiscal year based on the employee's assignments for the fiscal year.

Sec. 39. Minnesota Statutes 2014, section 354.55, subdivision 10, is amended to read:

Subd. 10. **Reduced benefits.** Any benefit to which any person may be entitled under this chapter may be reduced in amount upon application of the person entitled thereto to the ~~board of trustees;~~ provided that such executive director if the person shall first relinquish ~~relinquishes~~ in writing all claim to that part of the full benefit which is the difference between the benefit which the person would be otherwise entitled to receive and the benefit which the person will receive after the benefit reduction. The reduced benefit ~~shall be~~ is payment in full of all amounts due under this chapter for the month for which the payment is made and acceptance of the reduced benefit releases the retirement association from all obligation to pay to ~~such the person~~ the person the difference between the amount of the reduced benefit and the full amount of the benefit which ~~such the person~~ the person would otherwise have received. ~~After July 1, 1971;~~ Any benefit reduced under the provisions of this subdivision may not again be restored.

Sec. 40. Minnesota Statutes 2014, section 354A.011, subdivision 6, is amended to read:

Subd. 6. **Approved actuary.** "Approved actuary" means ~~any an actuary who is either a fellow of the society of actuaries or who has at least 15 years of service to major public employee retirement funds or any firm which retains such an actuary on its staff~~ meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 41. Minnesota Statutes 2014, section 354A.092, is amended to read:

354A.092 SABBATICAL LEAVE.

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

Sec. 42. Minnesota Statutes 2014, 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 St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the ~~current~~ actuarial value of assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

Sec. 43. Minnesota Statutes 2014, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher

when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable, in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

(b) A coordinated member who retires before the normal retirement age ~~shall be paid the~~ is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), whichever is applicable applies, multiplied by the applicable early retirement factor specified below:

Normal retirement age:	Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
	65	66	65	66
Age at retirement				
55	0.5376	0.4592		
56	0.5745	0.4992		
57	0.6092	0.5370		
58	0.6419	0.5726		
59	0.6726	0.6062		
60	0.7354	0.6726		
61	0.7947	0.7354		
62	0.8507	0.7947	0.8831	0.8389
63	0.9035	0.8507	0.9246	0.8831
64	0.9533	0.9035	0.9635	0.9246
65	1.0000	0.9533	1.0000	0.9635
66		1.0000		1.0000

For normal retirement ages between ages 65 and 66, the early retirement factors ~~will~~ must be determined by linear interpolation between the early retirement factors applicable for normal retirement ages 65 and 66.

Sec. 44. Minnesota Statutes 2014, section 356.215, subdivision 1, is amended to read:

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

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

(c) "Approved actuary" means:

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

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

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 424A.093, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

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

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

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

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

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

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

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of the actuarial value of assets and the present value of future normal costs.

(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 45. Minnesota Statutes 2014, section 356.215, subdivision 18, is amended to read:

Subd. 18. **Establishment of actuarial assumptions.** ~~(a) Before July 2, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than preretirement interest, postretirement interest, salary increase, and payroll increase may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.~~

~~(b) After July 1, 2010, (a)~~ The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than ~~postretirement interest and preretirement~~ the interest rate may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

~~(e) (b)~~ A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by ~~the an~~ an actuary retained by ~~the joint retirement systems~~ under section 356.214 or by the actuary retained by a local ~~police or firefighters~~ relief association governed by sections 424A.091 to 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

Sec. 46. Minnesota Statutes 2014, section 356.245, is amended to read:

356.245 LOCAL ELECTED OFFICIALS.

An elected official who is covered by section 353.01, subdivision 2a, ~~or 353D.01, subdivision 2,~~ whichever applies, is eligible to participate in ~~the state of Minnesota a~~ a deferred compensation plan under section 356.24. The applicable local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 47. Minnesota Statutes 2014, section 356.40, is amended to read:

356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.

(a) Notwithstanding any law to the contrary, all annuities and benefits payable ~~on and after December 1, 1977~~ by a covered retirement fund, as defined in section 356.30, subdivision 3, must be paid in advance for each month during the first week of that month. ~~The bylaws of local retirement funds must be amended accordingly.~~

(b) In no event, however, may this section authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.

Sec. 48. Minnesota Statutes 2014, section 356.407, subdivision 1, is amended to read:

Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any provision to the contrary of the laws governing any of the retirement plans enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of those plans and whose benefit terminated solely because of remarriage is, if the remarriage terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit; provided, however, that the person is not entitled to retroactive payments for the period of remarriage. The benefit resumes at the level which the person would have been receiving if there had been no remarriage. ~~This section applies prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and also applies retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no person is entitled to retroactive payments for any period of time before May 18, 1975.~~

Sec. 49. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective on January 1 following the calendar year in which the person has been retired for less than 12 months.

~~(b) The increases provided by this subdivision commence on January 1, 2010.~~

~~(c)~~ (b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

Sec. 50. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement plans, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following

the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) ~~The increases provided by this subdivision commence on January 1, 2011.~~ Increases under this subdivision for the general state employees retirement plan, the correctional state employees retirement plan, or the judges retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators retirement plan or the elected state officers retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(c) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

Sec. 51. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~

~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase;~~

~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months;~~

~~(4) (3) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase; and~~

~~(5) (4) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months.~~

(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the two most recent prior actuarial valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

Sec. 52. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

~~(b) The increases provided by this subdivision commence on January 1, 2014.~~ Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 85 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (c) recommence after that date.

(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.5 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(e) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

Sec. 53. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.** (a) The increases provided under this subdivision ~~begin on January 1, 2014,~~ and are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.75 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(c) Increases under this subdivision terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin on the January 1 next following that date.

(d) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

Sec. 54. Minnesota Statutes 2014, section 356.431, is amended to read:

356.431 CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.

Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid after ~~December 31, 2001~~, to eligible persons under Minnesota Statutes 2014, section 356.42, the amount of the most recent lump-sum benefit payable to an eligible recipient under Minnesota Statutes 2014, section 356.42 must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases postretirement adjustments.

Sec. 55. Minnesota Statutes 2014, section 356.62, is amended to read:

356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.

(a) For purposes of any public pension plan, as defined in section 356.63, paragraph (b), each employer shall pick up the employee contributions required pursuant to under law or under the pension plan document for all salary payable after December 31, 1982 salaries. If the United States Treasury Department rules that under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that These picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions must be treated as employer contributions in determining tax treatment under the Internal Revenue Code of 1986, ~~as amended through December 31, 1992~~, and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up must be treated for all purposes of the public pension plan in the same manner and to the same extent as employee contributions that were made ~~prior to~~ before the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up must be included in the salary upon which retirement coverage is credited and upon which retirement and survivor's benefits are determined. For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.

(c) ~~For any calendar year in which withholding has been reduced under this section,~~ The employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 must apply to the extent not inconsistent with the provisions of this section.

Sec. 56. Minnesota Statutes 2014, section 356B.10, subdivision 2, is amended to read:

Subd. 2. **Building; related facilities.** (a) The commissioner of administration ~~may~~ shall provide a building and related facilities to be jointly occupied by the board of directors of the Minnesota State Retirement System, the board of trustees of the Public Employees Retirement Association, and the board of trustees of the Teachers Retirement Association for the administration of their public pension systems.

~~(b) Design of the facilities is not subject to section 16B.33. The competitive acquisition process set forth in chapter 16C does not apply if the process set forth in subdivision 3 is followed.~~

~~(c) The boards and the commissioner must submit the plans for a public pension facility under this section to the chair of the house of representatives Ways and Means Committee and to the chair of the senate State Government Finance Committee for their approval before the plans are implemented.~~

Sec. 57. Minnesota Statutes 2014, section 356B.10, subdivision 3, is amended to read:

Subd. 3. **Contracting procedures.** (a) ~~The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i):~~

~~(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:~~

~~(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;~~

~~(2) design criteria for the exterior and site area;~~

~~(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;~~

~~(4) conceptual floor plans for systems space;~~

~~(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;~~

~~(6) mechanical and electrical requirements;~~

~~(7) special interior features required; and~~

~~(8) a completion schedule.~~

~~(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.~~

~~(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a~~

detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

~~(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.~~

~~(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.~~

~~(g) (a) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.~~

~~(h) (b) The commissioner may lease to another governmental subdivision; or to a private company under contract with the State Board of Investment; or with the Board of Directors of the Minnesota State Retirement System, whichever applies, to provide deferred compensation services under section 352.965, any portion of the funds' building and lands that is not required for their the direct use of the retirement systems upon terms and conditions that they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward as a reserve for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should if the retirement plan boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the retirement plan boards.~~

~~(i) (c) The boards shall formulate and, adopt, and periodically revise a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the Department of Administration where the boards determine that it is economically feasible to do so. If the boards cannot agree or cannot resolve a dispute about the operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.~~

Sec. 58. Minnesota Statutes 2014, section 356B.10, subdivision 4, is amended to read:

Subd. 4. **Revenue bonds.** (a) The commissioner of management and budget, on request of the governor, may sell and issue revenue bonds in an aggregate principal amount up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the amount needed to pay issuance costs and interest costs and to establish necessary reserves to secure the bonds. The commissioner

~~of management and budget~~ may issue bonds for the purpose of refunding bonds issued under ~~this subdivision~~ Minnesota Statutes 2001, section 356.89, subdivision 4. The bonds may be sold and issued on terms and in a manner the commissioner of management and budget determines to be in the best interests of the state.

(b) The proceeds of the bonds must be credited to a bond proceeds account in the pension building fund which the commissioner of management and budget must create in the state treasury.

Sec. 59. Minnesota Statutes 2014, section 356B.10, subdivision 5, is amended to read:

Subd. 5. **Security.** (a) The boards may pledge any or all assets of the retirement fund or funds administered by the boards as security for the bonds.

(b) The bonds and the interest on them must be paid solely from and secured by ~~all the assets~~ of the boards pledged and appropriated for these purposes to the debt service fund created in subdivision 6 and any investment income on the fund and any reserve established for this purpose.

(c) The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest on them must not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Sec. 60. Minnesota Statutes 2014, section 356B.10, subdivision 6, is amended to read:

Subd. 6. **Debt service fund.** There is established in the state treasury a separate and special pension building debt service fund. Money in the funds managed by the boards is appropriated to the boards for transfer to the pension building debt service fund. Money appropriated and transferred to the fund and investment income on it on hand or required to be transferred to the fund must be used and is irrevocably appropriated to pay when due the principal of and interest on the bonds authorized referenced in subdivision 4.

Sec. 61. Minnesota Statutes 2014, section 356B.10, subdivision 7, is amended to read:

Subd. 7. **Covenants; agreements.** ~~The commissioner of management and budget may, for and on behalf of the state, enter into~~ covenants and agreements entered into by the commissioner of management and budget for the construction of the pension building that were not inconsistent with Minnesota Statutes 2001, section 356.89, subdivisions 1 to 6, and determined by the commissioner as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax exemption, and disclosure of information required by federal and state securities laws. ~~The covenants and agreements of the commissioner of management and budget,~~ constitute an enforceable contract of the state and by that contract the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of management and budget to fulfill the terms of the covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. ~~The commissioner of management and budget may include this pledge and agreement of the state in any covenant or agreement with the holders of the bonds.~~ Sections 16A.672 and 16A.675 apply to the bonds.

Sec. 62. Minnesota Statutes 2014, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** (a) ~~Beginning October 1, 2013, and Annually thereafter,~~ the commissioner shall allocate the additional amortization state aid, if any, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with police and firefighter retirement coverage;

(2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

(3) 12.9 percent to the city of Duluth to defray employer costs associated with police and firefighter retirement coverage;

(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment performance requirement of paragraph (c) is met; and

(5) 1.3 percent to the city of Virginia to defray the employer contribution under section 353.665, subdivision 8, paragraph (d).

If there is no additional employer contribution under section 353.665, subdivision 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police Relief Association and the former Minneapolis Fire Department Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations under section 69.021, subdivision 7, paragraph (d). If there is no employer contribution by the city of Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department Relief Association certified on or before June 30 by the executive director of the Public Employees Retirement Association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations under section 69.021, subdivision 7, paragraph (d).

(b) The allocation must be made by the commissioner of revenue on October 1 annually.

(c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are the amounts annually appropriated to the commissioner of revenue under section 69.021, subdivision 11, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

Sec. 63. Minnesota Statutes 2014, section 424A.001, subdivision 10, is amended to read:

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

~~(1) was a member of the applicable fire department or the independent nonprofit firefighting corporation and a member of the relief association on July 1, 2006; or~~

~~(2) became~~ is a member of the applicable fire department or the independent nonprofit firefighting corporation and is eligible for membership in the applicable relief association after ~~June 30, 2006~~; and:

(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a municipal fire department, a joint powers entity fire department, or an independent nonprofit firefighting corporation;

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department or the independent nonprofit firefighting corporation or specified in the articles of incorporation or bylaws of the relief association.

Sec. 64. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make any technical cross-reference changes resulting from amendments in this act, including any grammatical changes necessary to preserve sentence structure.

Sec. 65. **REPEALER.**

Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, and 6; 352.76; 352.91, subdivisions 3a and 3b; 352B.29; 353.83; 353.84; 353.85; 354.146, subdivisions 1 and 3; 354.33, subdivisions 5 and 6; 354.39; 354.55, subdivisions 13, 16, and 19; 354.58; 354A.35, subdivision 2a; 356.405; 356.49, subdivision 2; and 424A.03, subdivision 3, are repealed.

Sec. 66. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 14

PERA-MERF MERGER PROVISIONS

Section 1. Minnesota Statutes 2014, section 256D.21, is amended to read:

256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS EMPLOYEES.

Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis who ~~is~~ was transferred to and employed by the county under the provisions of section 256D.20 and who ~~is~~ was a contributing member of a retirement system organized under the provisions of Minnesota Statutes 2008, chapter 422A, is a member of the MERF ~~division of the~~ Public Employees Retirement Association and is entitled to all of the applicable benefits conferred by and is subject to all the restrictions of section 353.50.

Subd. 2. **City obligation.** The cost to the public of that portion of the retirement allowances or other benefits accrued while any such employee was in the service of the city of Minneapolis

must remain an obligation of the city and a tax must be levied and collected by it to discharge its obligation as provided in section ~~353.50~~ 353.27, subdivision 7 3c.

Subd. 3. **County obligation.** The cost to the public of the retirement allowances or other benefits accruing to employees so transferred to and employed by the county is the obligation of and paid by the county in section ~~353.50~~ 353.27, subdivision 7 3c. The county shall pay to the general employees retirement fund of the Public Employees Retirement Association those amounts. The cost to the public of the retirement coverage under this section must be paid from the county revenue fund by the county auditor, and the county board is authorized to levy and collect such taxes as may be necessary to pay such costs.

Sec. 2. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose annual salary from one governmental subdivision is stipulated in advance to exceed \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year employee and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b; and

(9) employees of the Public Employees Retirement Association.

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

(c) If in any subsequent year the annual salary of an included public employee is less than the minimum salary threshold specified in this subdivision, the member retains membership eligibility.

(d) For the purpose of participation in the ~~MERF division of the~~ general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, ~~and who participate as members of the MERF division of the association.~~

Sec. 3. Minnesota Statutes 2014, 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, unit or instrumentality of state or local government, or any public body 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 Minnesota Inter-county 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 Seaway Port Authority of Duluth, the Red Wing Port Authority, 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 the Seaway Port Authority of Duluth and other than the Red Wing Port Authority; 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; 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.

Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 48, is amended to read:

Subd. 48. **MERF division.** "MERF division" means the separate retirement plan within former Minneapolis Employees Retirement Fund of which the actuarial liabilities and assets are merged with the general employees retirement plan of the Public Employees Retirement Association containing, and the benefits of which are governed by the applicable provisions of Minnesota Statutes 2008, chapter 422A.

Sec. 5. Minnesota Statutes 2014, section 353.05, is amended to read:

353.05 CUSTODIAN OF FUNDS.

The commissioner of management and budget shall be ex officio treasurer of the retirement funds of the association, ~~including the MERF division~~, and the general bond of the commissioner of management and budget to the state must be so conditioned as to cover all liability for acts as treasurer of these funds. All money of the association received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund or account. The commissioner of management and budget shall transmit monthly to the executive director a detailed statement of all amounts so received and credited to the funds, ~~including the MERF division~~. Payments out of the funds, ~~including the MERF division~~, may only be made on warrants issued by the commissioner of management and budget, upon abstracts signed by the executive director; provided that abstracts for investment may be signed by the executive director of the State Board of Investment.

Sec. 6. Minnesota Statutes 2014, section 353.06, is amended to read:

353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.

The executive director shall from time to time certify to the State Board of Investment for investment such portions of the funds of the association, ~~including the MERF division,~~ as in the director's judgment may not be required for immediate use. The State Board of Investment shall thereupon invest and reinvest the sum so certified, or transferred, in such securities as are duly authorized as legal investments under section 11A.24 and has authority to sell, convey, and exchange such securities and invest and reinvest the securities when it deems it desirable to do so and shall sell securities upon request of the executive director when such funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities under chapter 11A must apply to the accounting, purchase and sale of securities for the funds of the Public Employees Retirement Association, ~~including the MERF division.~~

Sec. 7. Minnesota Statutes 2014, section 353.27, subdivision 1, is amended to read:

Subdivision 1. **Income; disbursements.** There is a special fund known as the "general employees retirement fund," the "retirement fund," or the "fund," which must include all the assets of the general employees retirement plan of the association. This fund must be credited with all contributions, all interest and all other income of the general employees retirement plan of the Public Employees Retirement Association that are authorized by law. From this fund there is appropriated the payments authorized by sections 353.01 to 353.46 and by Minnesota Statutes 2008, chapter 422A, in the amounts and at such time provided herein, including the expenses of administering the general employees retirement plan and fund.

Sec. 8. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 must be adjusted:

(1) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (d) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) If the actuarially required contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.

(d) If the actuarially required contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the employee and matching employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:

(1) less than two percent, the incremental increase may be up to 0.25 percent for the general employees retirement plan employee and matching employer contribution rates;

(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent for the employee and matching employer contribution rates; or

(3) greater than four percent, the incremental increase may be up to 0.75 percent for the employee and matching employer contribution.

(e) The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made ~~without the inclusion of~~ including the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division credited under section 353.27, subdivision 3c, and state aid under section 353.505.

(f) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any

action to disapprove or modify the Public Employees Retirement Association Board of Trustees' recommendation to adjust the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

Sec. 9. Minnesota Statutes 2014, section 353.27, is amended by adding a subdivision to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2015, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

(b) The member contribution for a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(c) The employer regular contribution with respect to a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(d) The employer additional contribution for any public employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 2.68 percent of the salary of each applicable employee plus an annual amount equal to the employing unit's share of \$3,900,000 that was paid or was payable during calendar year 2014.

(e) For the period July 1, 2015, through December 31, 2031, the employer supplemental contribution is the employing unit's share of \$21,000,000.

(f) Each employing unit's share under paragraph (e) is the amount determined from an allocation between each employing unit in the portion equal to the unit's employer supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50, during calendar year 2014.

(g) The employer supplemental contribution amount under paragraph (e) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (e) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with compound interest at the rate of 0.71 percent per month for each month or portion of a month that has elapsed after the due date.

(h) The employer additional contribution under paragraph (d) and the employer supplemental contribution under paragraph (e) terminate on December 31, 2031.

Sec. 10. Minnesota Statutes 2014, section 353.34, subdivision 1, is amended to read:

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. Application for a refund may not be made before the date of termination of public service. A refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, ~~the MERF division~~ except members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2b, paragraph (d), the Public Employees Retirement Association police and fire retirement plan, or the public employees local government correctional service retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus annual compound interest from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

(d) Refunds payable to members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2a, paragraph (d), are governed by Minnesota Statutes 2008, chapter 422A.

Sec. 11. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for an annuity from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a governmental subdivision in a position covered by this chapter or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the

person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the general employees plan of the Public Employees Retirement Association who were former members of MERF division.

Sec. 12. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, ~~the Minneapolis Employees Retirement Fund division,~~ the public employees police and fire retirement plan, or the local government correctional employees retirement plan to receive an annuity under the law in effect at the time the person terminated public service is herein preserved. The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.

(b) The entitlement of a deferred annuitant or former member of the Minneapolis Employees Retirement Fund, upon merger with the general employees retirement plan of the Public Employees Retirement Association, continues under the provisions of Minnesota Statutes 2008, section 422A.16.

Sec. 13. Minnesota Statutes 2014, section 353.46, subdivision 6, is amended to read:

Subd. 6. **Computation of benefits for certain coordinated members.** Any coordinated member of the general employees retirement plan of the Public Employees Retirement Association who, before July 1, 1979, was a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and who, before July 1, 1978, was a member of the basic program of the Minneapolis Municipal Employees Retirement Fund is entitled to receive a retirement annuity when otherwise qualified, the calculation of which must utilize the formula accrual rates specified in Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited service which was rendered before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision 3, for the remainder of credited service, both applied to the average salary as specified in section 353.01, subdivision 17a. The formula accrual rates to be used in calculating the retirement annuity must recognize the service after July 1, 1978, as a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and after July 1, 1979, as a member of the general employees retirement plan of the Public Employees Retirement Association as a continuation of service rendered before July 1, 1978. The annuity amount attributable to service as a member of the basic program of the former Minneapolis Municipal Employees Retirement Fund ~~is payable from the MERF division~~ and the annuity amount attributable to all other service is payable from the general employees retirement fund of the Public Employees Retirement Association.

Sec. 14. Minnesota Statutes 2014, section 353.50, subdivision 6, is amended to read:

Subd. 6. **Benefits for former MERF division members.** (a) **Retired, disabled, deferred, and inactive member benefits.** The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive ~~Minneapolis Employees Retirement Fund members with that status as of June 30, 2010~~ of the former MERF division, as calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;

422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force and are payable from the general employees retirement plan.

(b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who were active members of covered by the former Minneapolis Employees Retirement Fund MERF division on June 30, 2010 December 31, 2014, upon satisfying eligibility requirements stated in the applicable sections of Minnesota Statutes 2008 specified in paragraph (a), are entitled to annuities or benefits specified in those sections. Eligibility for a formula retirement annuity includes the requirement in Minnesota Statutes 2008, sections 422A.13 and 422A.16, that the terminating member has attained the normal retirement age, which is age 60 if the person has at least ten years of service credit, or any age if the person has 30 or more years of service credit.

(c) **Postretirement adjustments.** After December 31, 2010 2014, annuities and benefits from for former members of the former MERF division are eligible for annual automatic postretirement adjustments solely under the applicable portions of section 356.415.

Sec. 15. Minnesota Statutes 2014, section 353.505, is amended to read:

353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.

(a) Subject to the limitation in paragraph (c), The state shall pay to the MERF division account of the Public Employees Retirement Association with respect to the former 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 MERF division of the Public Employees Retirement Association reported in the actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association prepared by the actuary retained under section 356.214 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, 2031, less the amount of employee contributions required under section 353.50, subdivision 7, paragraph (b), and the amount of employer contributions required under section 353.50, subdivision 7, paragraphs (c) and (d). Payments must 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 Minnesota Statutes 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section 356.43, plus \$13,750,000 on September 15, 2011, \$13,750,000 on September 15, 2012, and \$15,000,000 on September 15, 2013, and annually thereafter.

(d) Annually and after June 30, 2012, if the amount determined under paragraph (b) exceeds the applicable maximum amount specified in paragraph (c), the excess must be allocated to and paid to the fund by the employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions 1a, 2, and 2a. 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 as of July 1, 2009, attributed to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, other than units of metropolitan government. Payments must be made as set forth in paragraph (b).

(a) Annually and after June 30, 2015, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$16,000,000. Payments must be made September 15 annually.

(e) (b) State contributions under this section end on September 15, 2031, or on September 1 following the first date on which the current assets of the ~~MERF division~~ general employees retirement plan of the Public Employees Retirement Association equal or exceed the actuarial accrued liability of the ~~MERF division~~ general employees retirement plan of the Public Employees Retirement Association in the actuarial valuation of the retirement plan prepared by an approved actuary under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement, including any actuarial accrued liability increase resulting from a change in the interest rate actuarial assumption occurring after January 1, 2015, whichever occurs earlier.

Sec. 16. Minnesota Statutes 2014, section 355.01, subdivision 3j, is amended to read:

Subd. 3j. **Public employee.** "Public employee" means an officer or an employee of a local governmental subdivision of the state who performs services in a position covered by the Public Employees Retirement Association established under chapter 353. The term does not include any person who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, while the person is employed in a position that was transferred to the Public Employees Retirement Association.

Sec. 17. Minnesota Statutes 2014, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Actuary retention.** (a) The governing board or managing or administrative official of each public pension plan and retirement fund or plan enumerated in paragraph (b) shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services. The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) Actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- (6) the general employees retirement plan, Public Employees Retirement Association, ~~including the MERF division;~~
- (7) the public employees police and fire plan, Public Employees Retirement Association;
- (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;
- (9) the legislators retirement plan, Minnesota State Retirement System; and

(10) the local government correctional service retirement plan, Public Employees Retirement Association.

(c) The actuarial valuation for the legislators retirement plan must include a separate calculation of total plan actuarial accrued liabilities due to constitutional officer coverage under section 3A.17.

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

The contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

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

(e) The actuary shall annually prepare a report to the governing or managing board or administrative official and the legislature, summarizing the results of the actuarial valuation calculations. The actuary shall include with the report any recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

(f) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, the governing or managing board or administrative official shall direct the actuary to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), in the manner provided for in the standards for actuarial work adopted by the commission.

Sec. 18. Minnesota Statutes 2014, 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 of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding ~~the MERF division of the Public Employees Retirement Association and the legislators retirement plan,~~ the additional contribution

must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement plans and for the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), ~~or (k)~~, 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 retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued 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 MERF division of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.~~

~~(e) (d) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.~~

~~(f) (e) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.~~

~~(g) (f) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.~~

~~(h) (g) For the judges retirement plan, the established date for full funding is June 30, 2038.~~

~~(i) (h) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.~~

~~(j) (i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2042. In addition to other requirements of this chapter, the annual actuarial valuation must 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.~~

~~(k) (j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2040.~~

~~(l) (k) 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. 19. Minnesota Statutes 2014, section 356.30, subdivision 3, is amended to read:

Subd. 3. **Covered plans.** This section applies to the following retirement plans:

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

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

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

- (4) the State Patrol retirement plan, established under chapter 352B;
- (5) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;
- (6) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, ~~including the MERF division of the Public Employees Retirement Association;~~
- (7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;
- (8) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;
- (9) the Teachers Retirement Association, established under chapter 354;
- (10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A; and
- (11) the judges retirement fund, established by chapter 490.

Sec. 20. Minnesota Statutes 2014, section 356.302, subdivision 7, is amended to read:

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;
- (3) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, ~~including the MERF division of the Public Employees Retirement Association;~~
- (4) the Teachers Retirement Association, established by chapter 354;
- (5) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- (6) the state correctional employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (7) the State Patrol retirement plan, established by chapter 352B;
- (8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;
- (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E; and
- (10) the judges retirement plan, established by chapter 490.

Sec. 21. Minnesota Statutes 2014, section 356.303, subdivision 4, is amended to read:

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

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

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

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

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

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

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

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

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

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

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

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

(12) the judges retirement fund, established by chapter 490.

Sec. 22. Minnesota Statutes 2014, section 356.32, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

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

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

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

(4) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, ~~including the MERF division of the Public Employees Retirement Association;~~

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

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

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

Sec. 23. Minnesota Statutes 2014, section 356.401, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;
- (2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (4) the State Patrol retirement plan, established by chapter 352B;
- (5) the unclassified state employees retirement program, established by chapter 352D;
- (6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353; ~~including the MERF division of the Public Employees Retirement Association;~~
- (7) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;
- (8) the public employees defined contribution plan, established by chapter 353D;
- (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;
- (10) the voluntary statewide lump-sum volunteer firefighter retirement plan, established by chapter 353G;
- (11) the Teachers Retirement Association, established by chapter 354;
- (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- (13) the individual retirement account plan, established by chapter 354B;
- (14) the higher education supplemental retirement plan, established by chapter 354C; and
- (15) the judges retirement fund, established by chapter 490.

Sec. 24. Minnesota Statutes 2014, section 356.407, subdivision 2, is amended to read:

Subd. 2. **Covered funds.** The provisions of this section apply to the following retirement funds:

- (1) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353; ~~including the MERF division of the Public Employees Retirement Association;~~
- (2) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;
- (3) the State Patrol retirement plan established under chapter 352B;
- (4) the legislators retirement plan established under chapter 3A;
- (5) the elective state officers retirement plan established under chapter 352C; and
- (6) the Teachers Retirement Association established under chapter 354.

Sec. 25. Minnesota Statutes 2014, section 356.415, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan established under chapter 3A, including constitutional officers as specified in that chapter;

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

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

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

(5) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, ~~including the MERF division of the Public Employees Retirement Association;~~

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

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(8) the teachers retirement plan established under chapter 354; and

(9) the judges retirement plan established under chapter 490.

Sec. 26. Minnesota Statutes 2014, section 356.461, subdivision 2, is amended to read:

Subd. 2. **Covered plans.** This section applies to the following retirement plans:

(1) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

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

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

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

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

(6) the judges retirement plan, established under chapter 490;

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

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

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

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

Sec. 27. Minnesota Statutes 2014, section 356.465, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

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

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

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

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

(5) the judges retirement plan established under chapter 490;

(6) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353; ~~including the MERF division of the Public Employees Retirement Association;~~

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

(8) the teachers retirement plan established under chapter 354;

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

(10) the local government correctional service retirement plan of the Public Employees Retirement Association established under chapter 353E.

Sec. 28. Minnesota Statutes 2014, section 480.181, subdivision 2, is amended to read:

Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a person is transferred to state employment under this section, the person may elect to do either or both of the following:

(1) keep life insurance; hospital, medical, and dental insurance; and vacation and sick leave benefits and accumulated time provided by the county instead of receiving benefits from the state under the judicial branch personnel rules; or

(2) remain a member of the general employees retirement plan of the Public Employees Retirement Association ~~or the MERF division of the Public Employees Retirement Association~~ instead of joining the Minnesota State Retirement System.

Employees who make an election under clause (1) remain on the county payroll, but the state shall reimburse the county on a quarterly basis for the salary and cost of the benefits provided by the county. The state shall make the employer contribution on behalf of employees who make an election under clause (2) to the general employees retirement plan of the Public Employees Retirement Association or the employer contribution under section ~~353.50~~ 353.27, subdivision 7.

3c, paragraphs (c) and (d), to the MERF division general employees retirement fund of the Public Employees Retirement Association on behalf of employees who make an election under clause (2) for any employees who were members of the former Minneapolis Employees Retirement Fund on June 24, 2010.

(b) An employee who makes an election under paragraph (a), clause (1), may revoke the election, once, at any time, but if the employee revokes the election, the employee cannot make another election. An employee who makes an election under paragraph (a), clause (2), may revoke the election at any time within six months after the person becomes a state employee. Once an employee revokes this election, the employee cannot make another election.

(c) The Supreme Court, after consultation with the Judicial Council, the commissioner of management and budget, and the executive directors of the Public Employees Retirement Association and the Minnesota State Retirement Association shall adopt procedures for making elections under this section.

(d) The Supreme Court shall notify all affected employees of the options available under this section. The executive directors of the Public Employees Retirement Association and the Minnesota State Retirement System shall provide counseling to affected employees on the effect of making an election to remain a member of the Public Employees Retirement Association.

Sec. 29. MERF DIVISION MERGER INTO PERA-GENERAL.

The MERF division and division account are merged into the general employees retirement plan and fund of the Public Employees Retirement Association as provided under Minnesota Statutes 2014, section 353.50, subdivision 9, and no longer exist as a component part of the association or of the general employees retirement plan. The general employees retirement plan of the Public Employees Retirement Association is the successor in interest of the former Minneapolis Employees Retirement Fund under Minnesota Statutes 2014, section 353.50, subdivision 5. The beneficial title for the assets of the former MERF division account is combined with the beneficial title for the assets of the general employees retirement plan and is vested undivided in the benefit recipients of the general employees retirement plan. The liabilities of the general employees retirement fund include the liabilities under Minnesota Statutes 2014, section 353.50, subdivision 6.

Sec. 30. REPEALER.

Minnesota Statutes 2014, sections 353.01, subdivision 49; 353.27, subdivision 1a; 353.50, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; and 354.71, are repealed.

Sec. 31. EFFECTIVE DATE.

Unless otherwise specified, this article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; modifying actuarial assumptions; modifying postretirement adjustment triggers; modifying contribution stabilizers; amending police and firefighter retirement state supplemental aid; creating a monthly benefit division of the statewide volunteer firefighter retirement plan; adopting recommendations of the volunteer firefighter relief association working group; modifying local firefighter relief associations; making small group retirement changes; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, and Public Employees Retirement Association; making technical

and conforming changes; merging the Minneapolis Employees Retirement Fund Division into PERA-General; requiring a state financial contribution to fund the merger; permanently extending supplemental fire state aid to volunteer firefighter relief associations; amending Minnesota Statutes 2014, sections 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision 1a; 69.80; 256D.21; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision 2; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions 8, 9; 352.045; 352.22, subdivisions 8, 10; 352.23; 352.27; 352.75, subdivision 2; 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3; 352B.011, subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085; 352B.086; 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25; 352D.02, subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01, subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36, 48; 353.0161, subdivision 2, by adding a subdivision; 353.0162; 353.017, subdivision 2; 353.03, subdivision 3; 353.031, subdivisions 5, 10; 353.05; 353.06; 353.27, subdivisions 1, 3b, 7a, 10, 12, 12a, by adding a subdivision; 353.28, subdivision 5; 353.29, subdivision 7; 353.33, subdivisions 6, 13; 353.34, subdivision 1; 353.35, subdivision 1; 353.37, subdivision 1; 353.46, subdivisions 2, 6; 353.50, subdivision 6; 353.505; 353.64, subdivisions 7a, 8, 9, 10; 353.656, subdivisions 1a, 1b, 2, 4, 5a; 353D.03, subdivision 3; 353D.071, subdivision 2; 353E.06, subdivisions 5, 6; 353F.01; 353F.02, subdivisions 3, 5a; 353F.04, subdivision 2; 353F.051, subdivisions 1, 2, 3; 353G.01, subdivisions 6, 7, 11, 12, by adding subdivisions; 353G.02; 353G.03; 353G.04; 353G.05; 353G.06; 353G.07; 353G.08; 353G.09; 353G.10; 353G.11; 353G.115; 353G.12, subdivision 2, by adding a subdivision; 353G.13; 353G.14; 353G.15; 353G.16; 354.05, subdivisions 10, 13, 25; 354.07, subdivision 5; 354.092, subdivision 4; 354.42, subdivisions 1a, 4b, 4d; 354.44, subdivisions 8, 9; 354.445; 354.45, subdivision 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5; 354.52, subdivision 4c; 354.55, subdivision 10; 354.72, subdivision 2; 354A.011, subdivision 6; 354A.092; 354A.093, subdivision 6; 354A.096; 354A.108; 354A.12, subdivision 3c; 354A.29, subdivisions 7, 8, 9; 354A.31, subdivision 7; 354A.38, subdivision 3; 355.01, subdivision 3j; 355.07; 356.195, subdivision 2; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 11, 18; 356.245; 356.30, subdivision 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.32, subdivisions 1, 2; 356.40; 356.401, subdivision 3; 356.407, subdivisions 1, 2; 356.415, subdivisions 1, 1a, 1c, 1d, 1e, 1f, 2; 356.431; 356.44; 356.461, subdivision 2; 356.465, subdivision 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.62; 356.635, subdivision 9, by adding a subdivision; 356B.10, subdivisions 2, 3, 4, 5, 6, 7; 423A.02, subdivision 1b; 423A.022, subdivision 5; 424A.001, subdivision 10, by adding a subdivision; 424A.002, subdivision 1; 424A.016, subdivision 4; 424A.02, subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3; 424A.092, subdivisions 3, 6; 424A.093, subdivisions 5, 6; 480.181, subdivision 2; 490.121, subdivision 4; 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 353G; repealing Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b; 352B.29; 353.01, subdivision 49; 353.025; 353.27, subdivision 1a; 353.50, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; 353.83; 353.84; 353.85; 353D.03, subdivision 4; 354.146, subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13, 16, 19; 354.58; 354.71; 354A.35, subdivision 2a; 354A.42; 356.405; 356.49, subdivision 2; 424A.03, subdivision 3."

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

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

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 886: A resolution memorializing the Surface Transportation Board to require an environmental impact statement on construction of railroad connector track in Crystal, Minnesota,

which permits an alternative routing of unit trains transporting oil products through the Twin Cities metropolitan area.

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

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 1828: A resolution memorializing Congress and the President of the United States to provide funding to maintain and restore the Officers' Club building located on the grounds of the historic Fort Snelling and to provide additional funding to support the valuable services that the 934th Airlift Wing provides to military officers, military families, and civilians at the Officers' Club.

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

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 1560: A bill for an act relating to metropolitan government; establishing a task force to study and make recommendations on metropolitan governance.

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

Page 1, line 11, after "senate" insert "majority leader,"

Page 1, delete line 12

Page 1, line 14, after "area" insert "and four mayors of metropolitan area suburbs"

Page 2, delete lines 3 and 4

Page 2, line 5, delete "(9)" and insert "(8)"

Page 2, line 6, delete "(10)" and insert "(9)"

Page 2, line 21, before "Members" insert "Public"

Page 2, line 25, after "interest" insert "under Minnesota Statutes, section 10A.07,"

Page 2, delete line 26 and insert "Money accepted under this subdivision is deposited in the general fund and is appropriated from the general fund to the Metropolitan Council for the purposes of this section."

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

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 753: A bill for an act relating to counties; providing a process for making certain county offices appointive in Crow Wing County.

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

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 1275: A bill for an act relating to health care; establishing a Health Care Innovation Task Force; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 957: A bill for an act relating to commerce; establishing a task force on no-fault automobile insurance reform issues; providing legislative appointments; requiring a report.

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

Senator Marty from the Committee on Environment and Energy, to which was referred

S.F. No. 1735: A bill for an act relating to energy; allowing performance-based, multiyear rate plans; amending Minnesota Statutes 2014, section 216B.16, subdivision 19, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2014, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy statute or policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

Sec. 2. Minnesota Statutes 2014, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;

(5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;

(6) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

~~(5)~~ (7) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

~~(6)~~ (8) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

~~(7)~~ (9) allocates project costs appropriately between wholesale and retail customers;

(8) (10) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

~~(9)~~ (11) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

Sec. 3. Minnesota Statutes 2014, section 216B.16, subdivision 19, is amended to read:

Subd. 19. Multiyear rate plan. (a) A public utility may propose, and the commission may approve, approve as modified, or reject, a multiyear rate plan as provided in this subdivision. The term "multiyear rate plan" refers to a plan establishing the rates the utility may charge for each year of the specified period of years, which cannot exceed ~~three~~ five years, to be covered by the plan. A utility proposing a multiyear rate plan shall provide a general description of the utility's major planned investments over the plan period. The commission may also require the utility to provide a set of reasonable performance measures and incentives that are quantifiable, verifiable, and consistent with state energy policies. The commission may allow the utility to adjust recovery of its cost of capital or other costs in a reasonable manner within the plan period. The utility may propose:

(1) recovery of the utility's forecasted rate base, based on a formula, a budget forecast, a fixed escalation rate, individually or in combination. The forecasted rate base must include the utility's planned capital investments and investment-related costs, including income tax impacts, depreciation and property taxes, as well as forecasted capacity-related costs from purchased power agreements that are not recovered through subdivision 7;

(2) recovery of operations and maintenance expenses, based on an electricity-related price index or other formula;

(3) tariffs that expand the products and services available to customers, including, but not limited to, an affordability rate for low-income residential customers; and

(4) adjustments to the rates approved under the multiyear plan for rate changes that the commission determines to be just and reasonable, including, but not limited to, changes in the utility's cost of operating its nuclear facilities, or other significant investments not addressed in the plan.

(b) A utility that has filed a petition with the commission to approve a multiyear rate plan may request to be allowed to implement interim rates for the first and second years of the multiyear plan. If the commission approves the request, interim rates shall be implemented in the same manner as allowed under subdivision 3.

(c) The commission may approve a multiyear rate plan only if it finds that the plan establishes just and reasonable rates for the utility, applying the factors described in subdivision 6. Consistent with subdivision 4, the burden of proof to demonstrate that the multiyear rate plan is just and reasonable is on the public utility proposing the plan.

~~(b)~~ (d) Rates charged under the multiyear rate plan must be based only upon the utility's reasonable and prudent costs of service over the term of the plan, as determined by the commission,

provided that the costs are not being recovered elsewhere in rates. Rate adjustments authorized under subdivisions 6b and 7 may continue outside of a plan authorized under this subdivision.

~~(e)~~ (e) The commission may, by order, establish terms, conditions, and procedures for a multiyear rate plan necessary to implement this section and ensure that rates remain just and reasonable during the course of the plan, including terms and procedures for rate adjustment. At any time prior to conclusion of a multiyear rate plan, the commission, upon its own motion or upon petition of any party, has the discretion to examine the reasonableness of the utility's rates under the plan, and adjust rates as necessary.

~~(f)~~ (f) In reviewing a multiyear rate plan proposed in a general rate case under this section, the commission may extend the time requirements for issuance of a final determination prescribed in this section by an additional 90 days beyond its existing authority under subdivision 2, paragraph (f).

~~(g)~~ (g) A utility may not file a multiyear rate plan that would establish rates under the terms of the plan until after May 31, 2012.

(h) The commission may initiate a proceeding to determine a set of performance measures that can be used to assess a utility operating under a multiyear rate plan.

Sec. 4. Minnesota Statutes 2014, section 216B.2425, is amended to read:

216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line projects.

Subd. 2. **List development; transmission projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and by increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

Subd. 3. **Commission approval.** By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and distribution projects proposed under subdivision 2. The commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

- (1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;
- (2) needed, applying the criteria in section 216B.243, subdivision 3; and
- (3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. **List; effect.** Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. **Transmission inventory.** The Department of Commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. **Exclusion.** This section does not apply to any transmission line proposal that has been approved by, or was pending before, a local unit of government, the Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

(b) MS 2008 [Expired]

Subd. 8. **Distribution study for distributed generation.** Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary distribution upgrades to support the continued development of distributed generation resources, and shall include the study in its report required under subdivision 2.

Sec. 5. COMPETITIVE RATE FOR ENERGY-INTENSIVE, TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.

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

(b) "Energy-intensive, trade-exposed (EITE) customer" means a customer of an investor-owned utility that has at least 40 percent of its load from 15 or fewer customers and is:

(1) an iron mining extraction and processing facility, including a "scram mining operation," as that term is defined in Minnesota Rules, part 6130.0100, subpart 16;

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;

(3) a steel mill and related facility; or

(4) any other globally competitive electric customer who can demonstrate that: (i) energy costs are at least 15 percent of the customer's overall cost of production; (ii) their energy rates are significantly higher than their competitors; and (iii) those higher rates impede the customer's ability to compete in the global market.

(c) "EITE rate schedule" means a rate schedule that establishes the terms of service for an individual or group of energy-intensive, trade-exposed customers.

(d) "EITE rate" means the rate or rates offered by the utility under an EITE rate schedule.

Subd. 2. Rates and terms of EITE rate schedule. (a) An investor-owned electric utility that has at least 40 percent of its load from 15 or fewer customers may propose an EITE rate schedule for commission approval that includes various EITE rate options such as fixed rates or market-based rates.

(b) The minimum rate for the EITE schedule must recover at least the incremental cost of providing the service, including the cost of additional capacity that is to be added while the rate is in effect and any applicable on-peak or off-peak differential.

(c) Notwithstanding Minnesota Statutes, section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall approve a proposed EITE rate schedule if it finds the schedule provides net benefits to the utility and its customers, considering among other things:

(1) potential cost impacts to the utility's customers;

(2) the net benefit to the local or state economy through the retention or increase of jobs;

(3) a net increase in economic development in the utility's service territory; and

(4) the extent to which a significant rate increase for all other customers might otherwise be avoided by preventing a reduction of EITE customer load.

Subd. 3. Eligibility for EITE rate. A customer is eligible for an EITE rate under the EITE rate schedule if the customer can demonstrate to the commission that it meets the defined criteria under subdivision 1, paragraph (b).

Subd. 4. Commission process. (a) The commission shall review the EITE rate schedule proposed by an investor-owned electric utility and make a final determination in any proceeding begun under this section within 120 days of a miscellaneous rate filing by the electric utility.

(b) An EITE rate offered by an electric utility under an approved EITE rate schedule must be filed with the commission.

Subd. 5. **Cost recovery.** (a) Upon approval of an EITE rate, the utility shall create a separate account to track the difference in revenue between what would have been collected under the electric utility's applicable standard tariff and the EITE rate schedule. In its next general rate case or other methodology the commission shall determine, the commission shall allow the utility to recover the incremental costs if it determines that recovery is in the public interest, or refund the incremental revenues, associated with providing service to a customer under the EITE rate from the utility's nonenergy-intensive, trade-exposed customers.

(b) The commission shall take steps as necessary to mitigate the impacts of cost recovery of the implementation of the EITE rate on other ratepayers, unless the commission finds that the cost impacts are minimal."

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "providing for competitive rate schedules for energy-intensive trade-exposed electric utility customers;"

Amend the title numbers accordingly

And when so amended the bill do pass.

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

Senator Torres Ray from the Committee on State and Local Government, to which were referred the following appointments:

GAMBLING CONTROL BOARD
Geno Fragnito
Beth Pinkney

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

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Marty from the Committee on Environment and Energy, to which were referred the following appointments:

MINNESOTA ENVIRONMENTAL QUALITY BOARD
Katherine Knuth
John Saxhaug

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

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Bakk from the Committee on Rules and Administration, to which were referred the following appointments:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

Carol Flynn
Daniel Rosen
Christian Sande

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

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 2056: A bill for an act relating to workers' compensation; adopting recommendations of the workers' compensation advisory council regarding inpatient hospital payments; authorizing rulemaking; requiring a report; amending Minnesota Statutes 2014, section 176.136, subdivision 1b; proposing coding for new law in Minnesota Statutes, chapter 176.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on State and Local Government.

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

Senator Dibble from the Committee on Transportation and Public Safety, to which was referred

S.F. No. 781: A bill for an act relating to transportation; amending requirements of special agricultural products permits for motor vehicle weight limits; providing for hauling certain products for use as a biofuel; amending Minnesota Statutes 2014, section 169.865, subdivisions 1, 2, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass.

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

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred the following appointment:

BUREAU OF MEDIATION SERVICES

COMMISSIONER

Josh L. Tilsen

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

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. Nos. 886, 1828, 1560, 753 and 957 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Reinert, Marty, Tomassoni, Stumpf and Senjem introduced—

S.F. No. 2077: A bill for an act relating to capital investment; appropriating money for a grant to the city of Duluth for transitional housing and community services for homeless youth; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Latz introduced—

S.F. No. 2078: A bill for an act relating to courts; requiring court reporters and court reporting firms to charge all parties the same rate for copies of a transcript; amending Minnesota Statutes 2014, section 486.10, subdivisions 2, 3.

Referred to the Committee on Judiciary.

Senator Hall introduced—

S.F. No. 2079: A bill for an act relating to taxation; property; providing a reduced classification rate for unimproved commercial and industrial property; amending Minnesota Statutes 2014, section 273.13, subdivision 24.

Referred to the Committee on Taxes.

Senator Chamberlain introduced—

S.F. No. 2080: A bill for an act relating to local governments; providing for reverse referendum approval of certain issuance of debt; proposing coding for new law in Minnesota Statutes, chapter 416.

Referred to the Committee on State and Local Government.

Senator Hall introduced—

S.F. No. 2081: A bill for an act relating to arts and cultural heritage; appropriating money for a regional arts center.

Referred to the Committee on Finance.

Senators Lourey, Saxhaug and Sparks introduced—

S.F. No. 2082: A bill for an act relating to agriculture; establishing a wolf-livestock conflict prevention grants program; appropriating money; amending Minnesota Statutes 2014, section 3.737, by adding a subdivision.

Referred to the Committee on Finance.

Senators Limmer; Petersen, B.; Newman and Hall introduced—

S.F. No. 2083: A bill for an act relating to local and state government; abolishing the Metropolitan Council; transferring duties to the commissioners of administration and natural resources; transferring transportation and transit-related functions to Department of Transportation; making conforming amendments to public safety radio communication laws, fiscal disparity laws; providing for payment of bonds and other debt obligations; repealing metropolitan land use planning provisions; ending Metropolitan Council oversight of Metropolitan Airports Commission; transferring Metropolitan Council powers and authority to Metropolitan Parks and Open Space Commission; creating metropolitan area sanitary sewer district; appropriating money; amending Minnesota Statutes 2014, sections 3.886, subdivision 4; 4A.02; 6.80, subdivision 3; 10.60, subdivision 1; 10A.01, subdivisions 24, 31, 32, 35; 13.201; 13.685; 13.72, subdivision 9; 15.0597, subdivision 1; 15.0599, subdivision 1; 15A.0815, subdivision 3; 15B.11, subdivision 3; 16A.88, subdivision 2; 16C.073, subdivision 1; 16C.285, subdivision 1; 43A.346, subdivisions 1, 2; 47.52; 65B.43, subdivision 20; 85.016; 85.017; 85.53, subdivision 3; 103B.155; 103B.231, subdivisions 3a, 7, 9, 11; 103B.235, subdivision 3; 103B.255, subdivisions 8, 9, 12; 103D.401; 103D.405, subdivisions 3, 4, 5, 6; 103G.293; 114C.25; 114D.30, subdivisions 2, 4; 115.741, subdivision 2; 115A.151; 115A.471; 115A.52; 116.16, subdivision 2; 116.182, subdivision 1; 116D.04, subdivision 1a; 116G.03, subdivision 5; 116G.15, subdivisions 2, 5; 116J.401, subdivision 2; 116M.15, subdivision 1; 117.57, subdivision 3; 118A.07, subdivision 1; 124D.892, subdivision 1; 134.201, subdivision 5; 145A.02, subdivision 16; 160.165, subdivision 1; 160.265, subdivision 1; 160.93, subdivisions 1, 2, 2a; 162.09, subdivision 4; 169.306; 169.781, subdivision 1; 169.791, subdivision 5; 169.792, subdivision 11; 174.03, subdivisions 1, 4, 5, 6a; 174.04, subdivisions 1, 2; 174.247; 174.285, subdivision 4; 174.30, subdivision 4; 174.37, subdivision 2; 174.90; 174.93, subdivisions 1, 2; 216C.145, subdivision 1; 216C.15, subdivision 1; 216H.02, subdivision 2; 221.012, subdivision 38; 221.022; 221.031, subdivision 3a; 240.06, subdivision 2; 270.12, subdivision 3; 275.065, subdivision 3; 275.066; 275.62, subdivision 3; 275.70, subdivision 4; 297A.70, subdivisions 2, 3; 297A.992, subdivisions 4, 5; 352.01, subdivisions 2a, 2b; 352.03, subdivision 1; 352.04, subdivision 6; 352D.02, subdivision 1; 353.50, subdivision 7; 353.64, subdivision 7a; 363A.44, subdivision 1; 373.40, subdivision 1; 383A.81, subdivision 3; 383B.81, subdivision 3; 398A.04, subdivisions 1, 2, 2a, 9; 403.30, subdivision 1; 403.31, subdivisions 4, 5; 403.36, subdivision 1; 414.02, subdivision 3; 414.031, subdivision 4; 462A.04, subdivision 1; 462A.07, subdivision 11; 462A.222, subdivision 4; 462C.04, subdivision 2; 462C.071, subdivision 2; 465.82, subdivision 1; 469.174, subdivision 26; 469.351, subdivision 2; 471.425, subdivision 1; 471.9997; 473.121, subdivisions 2, 14, 24; 473.142; 473.1425; 473.143; 473.144; 473.145; 473.146, subdivisions 1, 3, 4, by adding subdivisions; 473.1466; 473.147; 473.149, subdivision 3; 473.166; 473.167, subdivisions 2, 2a; 473.168, subdivision 2; 473.192, subdivisions 2, 3; 473.223; 473.301, subdivision 2; 473.303; 473.313; 473.315, subdivision 1; 473.325; 473.334, subdivision 1; 473.341; 473.351, subdivisions 1, 2, 3; 473.375; 473.384; 473.385; 473.386; 473.387, subdivisions 2, 3, 4; 473.3875; 473.39, subdivisions 1, 2, 2a, 5; 473.391; 473.3925; 473.399; 473.3994; 473.3995; 473.3997; 473.405; 473.4051, subdivision 1; 473.4056, subdivision 1; 473.4057, subdivisions 1, 2, 3, 4, 6, 7, 8; 473.407, subdivisions 1, 3, 4, 5; 473.408; 473.409; 473.41, subdivision 1; 473.411, subdivision 5; 473.415, subdivision 1; 473.416; 473.42; 473.436, subdivisions 2, 3, 6; 473.446, subdivisions 1, 2, 3, 8, by adding a subdivision; 473.448; 473.449; 473.602; 473.604, subdivision 1, by adding a subdivision; 473.608, subdivision 19; 473.611, subdivision 5; 473.638; 473.64; 473.655; 473.661, subdivision 4; 473.667, subdivision 8; 473.8011; 473.910, subdivision 3; 473F.02, subdivisions 7, 8; 473F.08, subdivisions 3, 5, 7a;

473F.13, subdivision 1; 473H.04, subdivision 3; 473H.06, subdivisions 1, 5; 473H.08, subdivision 4; 473J.25, by adding a subdivision; 477A.011, subdivisions 3, 38; 477A.0124, subdivision 2; 572A.02, subdivision 5; 604B.04, subdivision 7; 609.2231, subdivision 11; 609.594, subdivision 1; 609.6055, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 473; repealing Minnesota Statutes 2014, sections 3.8841; 103B.235, subdivision 3a; 115.66; 115A.03, subdivision 19; 174.22, subdivision 3; 238.43, subdivision 5; 297A.992, subdivision 12; 403.27; 403.29, subdivision 4; 403.32; 462.382; 462C.071, subdivision 4; 473.121, subdivisions 3, 8, 12; 473.123, subdivisions 1, 2a, 3, 3a, 3e, 4, 8; 473.125; 473.127; 473.129; 473.1293; 473.132; 473.1565; 473.165; 473.167, subdivisions 3, 4; 473.175; 473.181, subdivisions 2, 5; 473.191; 473.206; 473.208; 473.24; 473.242; 473.245; 473.246; 473.249, subdivisions 1, 2; 473.25; 473.251; 473.253; 473.254; 473.255; 473.3875; 473.388, subdivisions 1, 2, 3, 4, 5, 7; 473.39, subdivision 4; 473.3993, subdivision 4; 473.3999; 473.411, subdivisions 3, 4; 473.4461; 473.501, subdivisions 1, 3; 473.504, subdivisions 4, 5, 6, 9, 10, 11, 12; 473.505; 473.511, subdivisions 1, 2, 3, 4; 473.5111; 473.512; 473.513; 473.515; 473.5155; 473.516, subdivisions 1, 2, 3, 4; 473.517, subdivisions 1, 3, 6, 10; 473.519; 473.521; 473.523, subdivisions 1, 1a; 473.524; 473.541; 473.542; 473.543, subdivisions 1, 2, 3, 4; 473.545; 473.547; 473.549; 473.621, subdivision 6; 473.834, subdivisions 1, 2; 473.851; 473.852, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 473.853; 473.854; 473.856; 473.857; 473.858; 473.859; 473.86; 473.861; 473.862; 473.864; 473.865; 473.866; 473.867, subdivisions 1, 2, 3, 5, 6; 473.869; 473.87; 473.871; 473.915; 473F.02, subdivision 21; 473F.08, subdivision 3b; 473H.02, subdivisions 7, 8; 473J.25, subdivision 5; Minnesota Rules, parts 5800.0010; 5800.0020; 5800.0030; 5800.0040; 5800.0050; 5800.0060; 5800.0070; 5800.0080; 5800.0090; 5800.0100; 5800.0110; 5800.0120; 5800.0130; 5800.0140; 5800.0150.

Referred to the Committee on State and Local Government.

Senators Dziezic and Hayden introduced—

S.F. No. 2084: A bill for an act relating to human services; appropriating money for an emergency shelter facility in Hennepin County.

Referred to the Committee on Finance.

Senator Limmer introduced—

S.F. No. 2085: A bill for an act relating to alcohol; creating a primary source law for distilled spirits; amending Minnesota Statutes 2014, section 340A.311.

Referred to the Committee on Commerce.

Senator Senjem introduced—

S.F. No. 2086: A bill for an act relating to taxation; property; making various changes in the taxation of agricultural property; creating a valuation exclusion for homeowners over age 65; amending Minnesota Statutes 2014, sections 272.02, by adding a subdivision; 273.11, by adding a subdivision; 273.13, subdivision 23, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 273.

Referred to the Committee on Taxes.

Senator Senjem introduced—

S.F. No. 2087: A bill for an act relating to taxation; individual income; modifying the definition of resident to exclude days spent in Minnesota for medical treatment; amending Minnesota Statutes 2014, section 290.01, subdivision 7.

Referred to the Committee on Taxes.

Senator Eken introduced—

S.F. No. 2088: A bill for an act relating to state government; allowing spending estimates in budget forecast to include inflation adjustments; amending Minnesota Statutes 2014, section 16A.103, subdivision 1a.

Referred to the Committee on Finance.

Senators Carlson, Cohen and Goodwin introduced—

S.F. No. 2089: A bill for an act relating to health; guaranteeing that all necessary health care is available and affordable for every Minnesotan; establishing the Minnesota Health Plan, Minnesota Health Board, Minnesota Health Fund, Office of Health Quality and Planning, ombudsman for patient advocacy, and auditor general for the Minnesota Health Plan; requesting a 1332 waiver; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 13.3806, by adding a subdivision; 14.03, subdivisions 2, 3; 15A.0815, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 62W.

Referred to the Committee on Health, Human Services and Housing.

Senators Johnson and Hall introduced—

S.F. No. 2090: A resolution expressing concern over persistent and credible reports of systematic, state-sanctioned, forced organ harvesting from nonconsenting prisoners of conscience, primarily from Falun Gong practitioners imprisoned for their spiritual beliefs, and members of other religious and ethnic minority groups in the People's Republic of China.

Referred to the Committee on Judiciary.

MOTIONS AND RESOLUTIONS

Senator Sieben moved that the name of Senator Bonoff be added as a co-author to S.F. No. 326. The motion prevailed.

Senator Sieben moved that the name of Senator Kent be added as a co-author to S.F. No. 1339. The motion prevailed.

Senator Hoffman moved that the name of Senator Westrom be added as a co-author to S.F. No. 1516. The motion prevailed.

Senator Koenen moved that the name of Senator Jensen be added as a co-author to S.F. No. 1743. The motion prevailed.

Senator Koenen moved that the name of Senator Gazelka be added as a co-author to S.F. No. 2004. The motion prevailed.

Senators Senjem, Bakk and Hann introduced –

Senate Resolution No. 134: A Senate resolution congratulating the University of Minnesota women's hockey team on winning the 2015 NCAA women's hockey championship.

Referred to the Committee on Rules and Administration.

Senator Senjem introduced –

Senate Resolution No. 135: A Senate resolution congratulating Kasson-Mantorville High School senior Carley Miller on winning the High School National Powerlifting Meet championship.

Referred to the Committee on Rules and Administration.

RECESS

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated S.F. No. 1238 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1238: A bill for an act relating to liquor; recodifying statutes related to certain licensees; regulating the sale and distribution of alcoholic beverages; authorizing various liquor licenses; amending Minnesota Statutes 2014, sections 340A.101, by adding a subdivision; 340A.22; 340A.301; 340A.404, subdivisions 2, 10; 340A.503, subdivision 6; 340A.504, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 340A.

Senator Kent moved to amend S.F. No. 1238 as follows:

Page 17, after line 12, insert:

"Sec. 4. [340A.35] SUNDAY DELIVERY RESTRICTION.

(a) A wholesaler licensed under section 340A.301 may not deliver or cause to be delivered alcoholic beverages to any off-sale retail licensee on a Sunday.

(b) No off-sale licensee may accept delivery of alcoholic beverages on a Sunday.

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

Page 21, after line 23, insert:

"Sec. 9. Minnesota Statutes 2014, section 340A.504, subdivision 4, is amended to read:

Subd. 4. **Intoxicating liquor; off-sale.** No sale of intoxicating liquor may be made by an off-sale licensee:

(1) ~~on Sundays;~~

(2) (1) before 8:00 a.m. or after 10:00 p.m. on Monday through ~~Saturday~~ Sunday;

(3) (2) on Thanksgiving Day;

(4) (3) on Christmas Day, December 25; or

(5) (4) after 8:00 p.m. on Christmas Eve, December 24.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Petersen, B. imposed a call of the Senate for the balance of the proceedings on S.F. No. 1238. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Kent amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Benson	Hall	Marty	Osmek	Schmit
Bonoff	Hann	Miller	Pappas	Senjem
Champion	Hawj	Nelson	Petersen, B.	Sieben
Dahle	Housley	Newman	Pratt	Thompson
Dibble	Kent	Nienow	Reinert	
Franzen	Kiffmeyer	Ortman	Scalze	

Those who voted in the negative were:

Anderson	Dziedzic	Jensen	Pederson, J.	Stumpf
Bakk	Eaton	Johnson	Rest	Tomassoni
Brown	Eken	Koenen	Rosen	Torres Ray
Carlson	Gazelka	Latz	Ruud	Weber
Clausen	Hayden	Limmer	Saxhaug	Westrom
Cohen	Hoffman	Lourey	Skoe	Wiger
Dahms	Ingebrigtsen	Metzen	Sparks	Wiklund

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1238 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 11, as follows:

Those who voted in the affirmative were:

Brown	Gazelka	Latz	Pederson, J.	Stumpf
Carlson	Hann	Lourey	Pratt	Tomassoni
Champion	Hawj	Marty	Reinert	Torres Ray
Clausen	Hayden	Metzen	Rosen	Weber
Cohen	Hoffman	Miller	Ruud	Westrom
Dahle	Housley	Nelson	Saxhaug	Wiger
Dahms	Ingebrigtsen	Newman	Scalze	Wiklund
Dibble	Jensen	Nienow	Schmit	
Dziedzic	Johnson	Ortman	Senjem	
Eken	Kent	Osmek	Sieben	
Franzen	Koenen	Pappas	Sparks	

Those who voted in the negative were:

Anderson	Bonoff	Kiffmeyer	Skoe
Bakk	Eaton	Petersen, B.	Thompson
Benson	Hall	Rest	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

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

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

H.F. No. 283: A bill for an act relating to the military; designating certain lands around Camp Ripley as sentinel landscape; creating a coordinating committee; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 190.

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

Delete everything after the enacting clause and insert:

"Section 1. [190.33] CAMP RIPLEY SENTINEL LANDSCAPE.

Subdivision 1. Designation of certain lands. (a) Camp Ripley shall be a sentinel landscape. By January 16, 2017, the coordinating committee established under subdivision 2 shall designate certain lands in the vicinity of Camp Ripley to be contained in the sentinel landscape of Camp Ripley. The purpose of this designation shall be to identify lands important to the nation's defense mission in an effort to preserve and enhance the relationship between willing landowners and Camp Ripley and to create incentives to encourage landowners' land management practices consistent with Camp Ripley's military missions.

(b) Individuals who own land which is deemed part of the sentinel landscape shall be provided the opportunity to participate, on a voluntary basis, in various programs designed to encourage land uses compatible with Camp Ripley's military missions.

Subd. 2. **Establishment of coordinating committee.** (a) By March 1, 2016, the adjutant general shall establish a coordinating committee to address issues related to technical support services and appropriate financial assistance to landowners who voluntarily participate in the sentinel landscape program in subdivision 1.

(b) The committee will be comprised of the following individuals:

(1) the adjutant general or a designee who will serve as the chair of the committee;

(2) the commissioner of agriculture or a designee;

(3) the commissioner of natural resources or a designee; and

(4) the executive director of the Board of Water and Soil Resources or a designee.

The committee may also seek input from federal agencies, including but not limited to the Department of Defense, the Department of the Army, the National Guard Bureau, the Department of the Interior, or the Department of Agriculture. The committee may also appoint members from other state agencies, county officials from any county where sentinel landscapes are located, and nongovernmental organizations that participate in land management activities within the sentinel landscape.

Subd. 3. **Meetings.** The chair shall convene meetings as necessary to conduct the duties prescribed in this section. The chair shall convene the first meeting of the committee by March 1, 2016.

Subd. 4. **Duties.** The committee shall identify sentinel land, and develop recommendations to encourage landowners within the sentinel lands to voluntarily participate in and begin or continue land uses compatible with Camp Ripley's military mission. In designating sentinel lands, the coordinating committee shall include all working or natural lands, wherever located, that the coordinating committee believes contribute to the long-term sustainability of the military missions conducted at Camp Ripley. In determining which lands to designate, the coordinating committee shall seek input from the director of the Department of Defense Readiness and Environmental Protection Integration Program, the chief of the National Guard Bureau, the director of the Army Compatible Use Buffer Program, the commander of the Camp Ripley Training Center, the commissioner of agriculture, the commissioner of natural resources, the executive director of the Board of Water and Soil Resources, appropriate county commissioners from any county where designated lands are located, and any others the adjutant general deems appropriate.

Subd. 5. **Compensation.** Members of the committee will serve without compensation.

Subd. 6. **Report.** By January 16, 2017, the adjutant general, with the assistance of the coordinating committee established in subdivision 2, shall submit a report to the governor and to the chairs of the committees in the house of representatives and senate with primary jurisdiction over the Department of Military Affairs. The report must summarize the committee's efforts to encourage landowners within the Camp Ripley sentinel landscape to voluntarily participate in and begin or continue land uses compatible with Camp Ripley's military mission. This report will include a map which geographically defines the boundaries of the sentinel landscape and may also provide recommendations for any further legislation the coordinating committee deems necessary to further the goals of this program.

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

Subd. 3. House of Representatives30,524,00030,524,000

To avoid cost overruns, on June 1, 2015, the commissioner of administration shall determine whether the house of representatives has vacated the house chamber as of June 1, 2015, and whether the chief clerk of the house of representatives has provided written assurance that the house chamber will remain vacant until the completion of the Capitol renovation project funded under Laws 2013, chapter 136, section 3, including the 2016 regular legislative session. The commissioner of administration shall provide notice of this determination to the commissioner of management and budget. If the commissioner of management and budget has been notified that the house has not vacated the house chamber and provided written assurance as required in this paragraph, the commissioner shall cancel \$500,000 of this appropriation in the first year to the general fund, and \$500,000 is appropriated from the general fund in the first year to the commissioner of administration for the purposes specified in Laws 2013, chapter 136, section 3, subdivision 2.

During the biennium ending June 30, 2017, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

Subd. 4. Legislative Coordinating Commission17,017,00017,311,000Appropriations by Fund

<u>General</u>	<u>16,889,000</u>	<u>17,183,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

\$6,678,000 the first year and \$6,793,000 the second year are for the Office of the Legislative Auditor.

\$297,000 in fiscal year 2016 and \$297,000 in fiscal year 2017 are for the Office of the Revisor of Statutes to maintain and improve information technology services.

The approved complement of the revisor of statutes is increased by five positions. This appropriation shall be added to the revisor's budget base.

\$35,000 in fiscal year 2016 and \$35,000 in fiscal year 2017 are to provide support to the Legislative Commission on Data Practices established under Minnesota Statutes, section 3.8843. This is a onetime appropriation.

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR

\$ 3,615,000 \$ 3,616,000

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) Up to \$19,000 the first year and up to \$19,000 the second year are for necessary expenses in the normal performance of the Governor's and Lieutenant Governor's duties for which no other reimbursement is provided.

(c) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

Sec. 4. STATE AUDITOR

\$ 2,322,000 \$ 2,333,000

\$35,000 from the general fund is for an infrastructure stress study. This is a onetime

appropriation and may be used in either year of the biennium.

Sec. 5. ATTORNEY GENERAL \$ 24,343,000 \$ 24,343,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>22,125,000</u>	<u>22,125,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,823,000</u>	<u>1,823,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

Of this appropriation, \$65,000 in the first year and \$65,000 in the second year are from the general fund for transfer to the commissioner of public safety for a grant to the Minnesota County Attorneys Association for prosecutor and law enforcement training.

Sec. 6. SECRETARY OF STATE \$ 6,631,000 \$ 6,631,000

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, are appropriated for the purposes and uses authorized by federal law.

Sec. 7. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD \$ 1,164,000 \$ 1,028,000

Campaign Finance and Public Disclosure Board Web Site Redevelopment Project. \$150,000 in fiscal year 2016 is appropriated to the Campaign Finance and Public Disclosure Board to complete redevelopment of its Web site. This appropriation is available until June 30, 2017. By January 15, 2016, the director of the Campaign Finance and Public Disclosure Board shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee on the status of the Web site redevelopment project. The report shall include a budget detailing

total dollars to be spent, completion date of the project, and dollars expended to date.

Sec. 8. <u>INVESTMENT BOARD</u>	<u>\$</u>	<u>139,000</u>	<u>\$</u>	<u>139,000</u>
Sec. 9. <u>ADMINISTRATIVE HEARINGS</u>	<u>\$</u>	<u>7,630,000</u>	<u>\$</u>	<u>7,633,000</u>

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>380,000</u>	<u>383,000</u>
<u>Workers' Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>

Campaign Violations Hearings. \$115,000 in fiscal year 2016 and \$115,000 in fiscal year 2017 are appropriated from the general fund for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be used in either year of the biennium.

\$6,000 in fiscal year 2016 and \$6,000 in fiscal year 2017 are appropriated from the general fund to the Office of Administrative Hearings for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium.

Sec. 10. <u>MN.IT SERVICES</u>	<u>\$</u>	<u>2,526,000</u>	<u>\$</u>	<u>2,622,000</u>
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The commissioner of management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of MN.IT Services for the purpose of managing revenue and expenditure differences during the initial phases of IT consolidation. These funds shall be repaid with interest by the end of the fiscal year 2017 closing period.

During the biennium ending June 30, 2017, MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter

129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

Sec. 11. **ADMINISTRATION**

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>25,141,000</u>	<u>\$</u>	<u>22,890,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Government and Citizen Services</u>		<u>10,009,000</u>		<u>9,144,000</u>
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\$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

\$735,000 the first year and \$65,000 the second year are to conduct a disparity study required under Minnesota Statutes, section 16C.16, subdivision 5. This is a onetime appropriation.

\$500,000 in fiscal year 2016 and \$500,000 in fiscal year 2017 are credited to the accommodation account established in Minnesota Statutes, section 16B.4805. In fiscal year 2016, the commissioner of administration may use five percent of the appropriation for fiscal year 2016 for developing policies and procedures to implement the reimbursement program established in Minnesota Statutes, section 16B.4805, and for educating qualifying agencies about the availability of and process for receiving reimbursement for accommodation expenses.

\$100,000 in fiscal year 2016 and \$100,000 in fiscal year 2017 are for the Information Policy Analysis Division to provide training and technical assistance to local units of government on compliance with Minnesota Statutes, chapter 13, the Minnesota Data Practices Act. This is a onetime appropriation and is available until June 30, 2019.

Subd. 3. <u>Strategic Management Services</u>	<u>1,975,000</u>	<u>2,009,000</u>
Subd. 4. <u>Fiscal Agent</u>	<u>13,157,000</u>	<u>11,737,000</u>

The appropriations under this section are to the commissioner of administration for the purposes specified.

In-Lieu of Rent. \$8,158,000 the first year and \$7,158,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space. In-lieu of rent may be used for rent loss and relocation expenses related to the Capitol restoration in the fiscal year 2014-2015 biennium and fiscal year 2016-2017 biennium.

Relocation Expenses. \$1,380,000 the first year and \$960,000 the second year are for rent loss and relocation expenses related to the Capitol renovation project. This is a onetime appropriation.

Public Broadcasting. (a) \$1,550,000 the first year and \$1,550,000 the second year are for matching grants for public television.

(b) \$550,000 the first year and \$550,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13. The base for fiscal year 2018 is \$250,000, and for fiscal year 2019 is \$250,000.

(c) The commissioner of administration must consider the recommendations of the Minnesota Public Television Association before allocating the amount appropriated in paragraphs (a) and (b) for equipment or matching grants.

(d) \$592,000 the first year and \$592,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages. The base for fiscal year 2018 is \$392,000 and for fiscal year 2019 is \$392,000.

(e) \$367,000 the first year and \$367,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500. The base for fiscal year 2018 is \$117,000 and for fiscal year 2019 is \$117,000.

(f) \$560,000 the first year and \$560,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems. The base for fiscal year 2018 is \$310,000 and for fiscal year 2019 is \$310,000.

(g) The appropriations in paragraphs (d), (e), and (f), may not be used for indirect costs claimed by an institution or governing body. The commissioner of administration must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d), (e), and (f).

(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

\$ 340,000 \$ 345,000

Sec. 13. MINNESOTA MANAGEMENT AND BUDGET

\$ 22,277,000 \$ 23,569,000

\$1,000,000 in fiscal year 2016 and \$2,000,000 in fiscal year 2017 are to maintain and upgrade statewide business systems, including, but not limited to, the statewide accounting system, the human resource and payroll system, the employment application system, the enterprise learning management system, the budget planning and analysis system, the fiscal note tracking system, and capital budget system.

Sec. 14. REVENUE

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>146,587,000</u>	<u>\$</u>	<u>147,067,000</u>
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<u>Appropriations by Fund</u>				
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	<u>2016</u>	<u>2017</u>		
<u>General</u>	<u>142,352,000</u>	<u>142,832,000</u>		
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>		
<u>Highway User Tax Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>		
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>		

<u>Subd. 2. Tax System Management</u>		<u>117,971,000</u>		<u>118,451,000</u>
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<u>Appropriations by Fund</u>				
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<u>General</u>	<u>113,736,000</u>	<u>114,216,000</u>		
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>		
<u>Highway User Tax Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>		
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>		

Appropriation; Taxpayer Assistance. (a) \$400,000 in fiscal year 2016 and \$400,000 in fiscal year 2017 from the general fund are for grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The unencumbered balance in the first year does not cancel but is available for the second year.

(b) For purposes of this appropriation, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns, Minnesota property tax refund claims, and to provide personal representation before the Department of Revenue and Internal Revenue Service.

(c) \$1,149,000 in fiscal year 2016 and \$955,000 in fiscal year 2017 are for establishing a statewide license for retailers of tobacco and for ongoing costs for expanding the commissioner of revenue's tobacco enforcement team.

Subd. 3. Debt Collection Management 28,616,000 28,616,000

Sec. 15. GAMBLING CONTROL \$ 3,260,000 \$ 3,324,000

Appropriations by Fund

<u>General</u>	<u>483,000</u>	<u>779,000</u>
<u>Special Revenue</u>	<u>2,777,000</u>	<u>2,545,000</u>

The special revenue fund appropriations are from the lawful gambling regulation account in the special revenue fund.

Sec. 16. RACING COMMISSION \$ 1,168,000 \$ 1,153,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>269,000</u>	<u>72,000</u>
<u>Special Revenue</u>	<u>899,000</u>	<u>1,081,000</u>

The general fund appropriation is for fiscal years 2016 and 2017 only.

The special revenue fund appropriations are from the racing and card playing regulation accounts. The base for the special revenue fund appropriation is \$972,000 in fiscal year 2018 and \$971,000 in fiscal year 2019.

The Racing Commission is directed to work in consultation with the racing industry to propose permanent dedicated funding changes to fully support the operations of the commission to ensure that racing is conducted in the public interest. These changes shall be reported to the Office of the Governor and to the majority and minority leaders of the relevant finance and policy legislative committees by November 1, 2015.

Sec. 17. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$31,000,000 in fiscal year 2016 and \$31,000,000 in fiscal year 2017.

Sec. 18. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>4,300,000</u>	\$	<u>300,000</u>
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Mighty Ducks. \$4,000,000 in fiscal year 2016 is for the purposes of Minnesota Statutes, section 240A.09, paragraph (b).

Sec. 19. <u>COUNCIL ON BLACK MINNESOTANS</u>	\$	<u>396,000</u>	\$	<u>401,000</u>
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Sec. 20. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	\$	<u>359,000</u>	\$	<u>364,000</u>
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Sec. 21. <u>COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE</u>	\$	<u>381,000</u>	\$	<u>386,000</u>
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Sec. 22. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>569,000</u>	\$	<u>576,000</u>
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Sec. 23. <u>MINNESOTA HISTORICAL SOCIETY</u>				
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Subdivision 1. <u>Total Appropriation</u>	\$	<u>23,086,000</u>	\$	<u>23,326,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Operations and Programs</u>		<u>22,515,000</u>		<u>22,955,000</u>
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The base is \$22,322,000 per year for the fiscal years 2018-2019 biennium. Increased funding in fiscal years 2016 and 2017 is for the following purposes:

(1) \$430,000 the first year and \$870,000 the second year to provide capacity to continue to deliver history programs and services across Minnesota. The base is \$487,000 per year for the fiscal years 2018-2019 biennium;

(2) \$500,000 the first year and \$500,000 the second year for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history; and

(3) \$250,000 the first year and \$250,000 the second year for activities to enhance educational achievement through history education to be delivered statewide, in conjunction with historic sites. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. Fiscal Agent

<u>(a) Minnesota International Center</u>	<u>39,000</u>	<u>39,000</u>
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<u>(b) Minnesota Air National Guard Museum</u>	<u>17,000</u>	<u>17,000</u>
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<u>(c) Minnesota Military Museum</u>	<u>100,000</u>	<u>100,000</u>
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\$50,000 in fiscal year 2016 and \$50,000 in fiscal year 2017 are for an archivist position. This is a onetime appropriation and available until June 30, 2017.

<u>(d) Farmamerica</u>	<u>315,000</u>	<u>115,000</u>
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\$200,000 in fiscal year 2016 is for a grant to Farmamerica, the Minnesota agriculture interpretive center, for capital improvements.

<u>(e) Hockey Hall of Fame</u>	<u>100,000</u>	<u>100,000</u>
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Balances Forward. Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 24. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	\$ <u>7,522,000</u>	\$ <u>7,530,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Services	<u>583,000</u>	<u>591,000</u>
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Subd. 3. Grants Program	<u>4,800,000</u>	<u>4,800,000</u>
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Subd. 4. **Regional Arts Councils** 2,139,000 2,139,000

Unencumbered Balance Available. Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.

Projects located in Minnesota; travel restriction. Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than ten percent of the total grant for costs related to travel outside the state of Minnesota.

Sec. 25. **MINNESOTA HUMANITIES CENTER** \$ 350,000 \$ 350,000

Sec. 26. **BOARD OF ACCOUNTANCY** \$ 639,000 \$ 641,000

Sec. 27. **BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN** \$ 784,000 \$ 794,000

Sec. 28. **BOARD OF COSMETOLOGIST EXAMINERS** \$ 2,565,000 \$ 2,584,000

Sec. 29. **BOARD OF BARBER EXAMINERS** \$ 321,000 \$ 325,000

Sec. 30. **GENERAL CONTINGENT ACCOUNTS** \$ 1,000,000 \$ 500,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 31. <u>TORT CLAIMS</u>	<u>\$</u>	<u>161,000</u>	<u>\$</u>	<u>161,000</u>
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These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 32. MINNESOTA STATE RETIREMENT SYSTEM

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>6,552,000</u>	<u>\$</u>	<u>8,936,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Combined Legislators and Constitutional Officers Retirement Plan

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 33. <u>PUBLIC EMPLOYEES RETIREMENT ASSOCIATION</u>	<u>\$</u>	<u>16,000,000</u>	<u>\$</u>	<u>16,000,000</u>
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General employees retirement plan of the Public Employees Retirement Association relating to the merged former MERF division.

These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 34. <u>TEACHERS RETIREMENT ASSOCIATION</u>	<u>\$</u>	<u>29,831,000</u>	<u>\$</u>	<u>29,831,000</u>
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The amounts estimated to be needed are as follows:

Special Direct State Aid. \$27,331,000 the first year and \$27,331,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354.436.

Special Direct State Matching Aid. \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 35. ST. PAUL TEACHERS RETIREMENT FUND

<u>\$</u>	<u>9,827,000</u>	<u>\$</u>	<u>9,827,000</u>
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The amounts estimated to be needed for special direct state aid to the first class city teachers retirement fund association authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 36. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

<u>\$</u>	<u>20,868,000</u>	<u>\$</u>	<u>20,868,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities

<u>9,661,000</u>	<u>9,661,000</u>
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Subd. 3. General Support

<u>4,319,000</u>	<u>4,319,000</u>
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\$1,500,000 in fiscal year 2016 and \$1,500,000 in fiscal year 2017 are for reimbursement grants under Minnesota Statutes, section 190.16, subdivision 6b.

Subd. 4. Enlistment Incentives

<u>6,888,000</u>	<u>6,888,000</u>
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Appropriation Availability. If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Transfer Authority. Of the funds carried forward from fiscal year 2015 to fiscal

year 2016, in the enlistment incentives appropriation, \$10,000,000 in fiscal year 2016 may be transferred to the maintenance of training facilities appropriation to address significant maintenance backlog to the department's military training and community centers. This is a onetime transfer and is available until June 30, 2019.

Sec. 37. VETERANS AFFAIRS

Subdivision 1. <u>Total Appropriation</u>	\$	<u>65,495,000</u>	\$	<u>67,691,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Veterans Programs and Services</u>		<u>16,393,000</u>		<u>16,461,000</u>
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\$44,000 for a transfer to the Department of Education to implement the expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This appropriation is available until June 30, 2017.

Veterans Service Organizations. \$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Minnesota Assistance Council for Veterans. \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

(1) utilities;

(2) employment; and

(3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

Honor Guards. \$200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231. This amount is added to the program's base funding.

Minnesota GI Bill. \$200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791. Of this amount, \$100,000 is for transfer to the Office of Higher Education.

Gold Star Program. \$100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans. This amount is added to the program's base funding.

County Veterans Service Office. \$1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

Subd. 3. Veterans Homes49,102,00051,230,000

The base is \$51,234,000 for fiscal year 2018 and \$51,238,000 for fiscal year 2019.

Veterans Homes Special Revenue Account. The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated

to the department for the operation of veterans homes facilities and programs.

Repair and Betterment. \$500,000 in the first year and \$500,000 in the second year are for repair and betterment of Minnesota veterans homes.

Maximize Federal Reimbursements. The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received. Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

Sec. 38. **APPROPRIATION CANCELLATIONS**

All unspent funds, estimated to be \$44,000, to implement the expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552, under Laws 2014, chapter 312, article 4, section 2, subdivision 8, are canceled to the general fund on June 30, 2015.

All unspent funds, estimated to be \$150,000, from the Web site redevelopment project appropriation under Laws 2013, chapter 142, article 1, section 7, are canceled to the general fund on June 30, 2015.

Sec. 39. **BUDGET RESERVE INCREASE.**

On July 1, 2015, the commissioner of management and budget shall transfer \$250,000,000 to the budget reserve under Minnesota Statutes, section 16A.152, subdivision 1a, in the general fund.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2014, section 3.8843, subdivision 5, is amended to read:

Subd. 5. **Staff.** Legislative staff must provide administrative and research assistance to the commission. The Legislative Coordinating Commission may, if funding is available, appoint staff to provide research assistance.

Sec. 2. [3.9799] SENATE BUILDING APPROPRIATIONS.

Subdivision 1. **Debt service.** The amount necessary to pay the principal and interest components of the rental payment required under the August 1, 2014, lease-purchase agreement between the Department of Administration and the Department of Management and Budget for the Senate Building authorized under Laws 2013, chapter 143, article 12, section 21, is annually appropriated from the general fund to the senate. This subdivision is effective for the term of the lease-purchase agreement.

Subd. 2. **Operations and maintenance.** (a) \$1,088,000 in fiscal year 2016, \$2,224,000 in fiscal year 2017, \$2,280,000 in fiscal year 2018, and \$2,337,000 in fiscal year 2019 and later, are appropriated from the general fund to the senate to pay for operations and maintenance costs associated with the Senate Building authorized under Laws 2013, chapter 143, article 12, section 21. Notwithstanding sections 16B.04 and 16B.24, and in the event that the commissioner of administration breaches any obligations under agreements with the senate relating to the Senate Building, the senate may contract with other entities for the provision of operations and maintenance services for the Senate Building.

(b) By July 1 of each year beginning in 2015, the commissioner of administration shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over the Department of Administration regarding the planned and actual uses of the appropriations in paragraph (a) in the previous fiscal year and for the next biennium. The report shall include information regarding the number of full-time equivalent positions supported by the appropriation, including each position and the salary and benefits for that position. The report must also provide a detailed accounting regarding utilities, materials, supplies, and other purchases made with this appropriation, including a list of contracts for any services or goods for the operation and maintenance of the Senate Building.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 3. Minnesota Statutes 2014, section 16A.065, is amended to read:

16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.

Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency to make advance deposits or payments for software or software maintenance services for state-owned or leased electronic data processing equipment, for information technology hosting services, for sole source maintenance agreements where it is not cost-effective to pay in arrears, for exhibit booth space or boat slip rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, and for newspaper, magazine, and other subscription fees customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

Sec. 4. [16B.4805] ACCOMMODATION REIMBURSEMENT.

Subdivision 1. **Definitions.** "Reasonable accommodation" as used in this section has the meaning given in section 363A.08. "State agency" as used in this section has the meaning given in section 16A.011, subdivision 12. "Reasonable accommodations eligible for reimbursement" means:

(1) reasonable accommodations provided to applicants for employment;

(2) reasonable accommodations for employees for services that will need to be provided on a periodic or ongoing basis; or

(3) reasonable accommodations that involve onetime expenses that total more than \$1,000 for an employee in a fiscal year.

Subd. 2. **Reimbursement for making reasonable accommodation.** The commissioner of administration shall reimburse state agencies for expenses incurred in making reasonable accommodations eligible for reimbursement for agency employees and applicants for employment to the extent that funds are available in the accommodation account established under subdivision 3 for this purpose.

Subd. 3. **Accommodation account established.** The accommodation account is created as an account in the special revenue fund for reimbursing state agencies for expenses incurred in providing reasonable accommodation eligible for reimbursement for agency employees and applicants for agency employment.

Subd. 4. **Administration costs.** The commissioner may use up to 15 percent of the biennial appropriation for administration of this section.

Subd. 5. **Notification.** By August 1, 2015, or within 30 days of final enactment, whichever is later, and each year thereafter by June 30, the commissioner of administration must notify state agencies that reimbursement for expenses incurred to make reasonable accommodation eligible for reimbursement for agency employees and applicants for agency employment is available under this section.

Subd. 6. **Report.** By January 31 of each year, the commissioner of administration must report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over state government finance on the use of the central accommodation account during the prior calendar year. The report must include:

- (1) the number and type of accommodations requested;
- (2) the cost of accommodations requested;
- (3) the state agencies from which the requests were made;
- (4) the number of requests made for employees and the number of requests for applicants for employment;
- (5) the number and type of accommodations that were not provided;
- (6) any remaining balance left in the account;
- (7) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to state agencies; and
- (8) a description of how the account was promoted to state agencies.

EFFECTIVE DATE. This section is effective July 1, 2015. Reimbursement is available for accommodation expenses incurred after June 30, 2015.

Sec. 5. Minnesota Statutes 2014, section 16B.97, subdivision 1, is amended to read:

Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(b) This section does not apply to general obligation grants as defined by section 16A.695 and capital project grants to political subdivisions as defined by section 16A.86.

Sec. 6. Minnesota Statutes 2014, section 16B.98, subdivision 1, is amended to read:

Subdivision 1. **Limitation.** (a) As a condition of receiving a grant from an appropriation of state funds, the recipient of the grant must agree to minimize administrative costs. The granting agency is responsible for negotiating appropriate limits to these costs so that the state derives the optimum benefit for grant funding.

(b) This section does not apply to general obligation grants as defined by section 16A.695 and also capital project grants to political subdivisions as defined by section 16A.86.

Sec. 7. Minnesota Statutes 2014, section 16B.98, subdivision 11, is amended to read:

Subd. 11. **Encumbrance exception.** Notwithstanding subdivision 5, paragraph (a), clause (2), or section 16C.05, subdivision 2, paragraph (a), clause (3), agencies may permit a specifically named, legislatively appropriated, noncompetitive grant recipient to incur eligible expenses based on an agreed upon work plan and budget for up to 60 days prior to an encumbrance being established in the accounting system. ~~For a grant funded in whole or in part with state general obligation bond proceeds, an agency may permit incurring of expenses under this subdivision only with prior approval of the commissioner of management and budget.~~

Sec. 8. Minnesota Statutes 2014, section 16C.144, is amended to read:

16C.144 GUARANTEED ENERGY-SAVINGS PROGRAM.

Subdivision 1. **Definitions.** The following definitions apply to this section.

(a) "Utility" means electricity, natural gas, or other energy resource, water, and wastewater.

(b) "Utility cost savings" means the difference between the utility costs after installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline utility costs after baseline adjustments have been made.

(c) "Baseline" means the preagreement utilities, operations, and maintenance costs.

(d) "Utility cost-savings measure" means a measure that produces utility cost savings or operation and maintenance cost savings.

(e) "Operation and maintenance cost savings" means a measurable difference between operation and maintenance costs after the installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline operation and maintenance costs after inflation adjustments have been made. Operation and maintenance costs savings shall not include savings from in-house staff labor.

(f) "Guaranteed energy-savings agreement" means an agreement for the installation of one or more utility cost-savings measures that includes the qualified provider's guarantee as required under subdivision 2.

(g) "Baseline adjustments" means adjusting the utility cost-savings baselines annually for changes in the following variables:

- (1) utility rates;
- (2) number of days in the utility billing cycle;
- (3) square footage of the facility;
- (4) operational schedule of the facility;
- (5) facility temperature set points;
- (6) weather; and
- (7) amount of equipment or lighting utilized in the facility.

(h) "Inflation adjustment" means adjusting the operation and maintenance cost-savings baseline annually for inflation.

(i) "~~Lease purchase agreement~~ Project financing" means ~~an agreement~~ any type of financing including but not limited to lease, lease purchase, installment agreements, or bonds issued by an entity, other than the state, with authority to issue bonds, obligating the state to make regular ~~lease~~ payments to satisfy the ~~lease~~ costs of the utility cost-savings measures until the final payment, ~~after which time the utility cost-savings measures become the sole property of the state of Minnesota.~~

(j) "Qualified provider" means a person or business experienced in the design, implementation, and installation of utility cost-savings measures.

(k) "Engineering report" means a report prepared by a professional engineer licensed by the state of Minnesota summarizing estimates of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, and estimates of the amounts by which utility and operation and maintenance costs will be reduced.

(l) "Capital cost avoidance" means money expended by a state agency to pay for utility cost-savings measures with a guaranteed savings agreement so long as the measures that are being implemented to achieve the utility, operation, and maintenance cost savings are a significant portion of an overall project as determined by the commissioner.

(m) "Guaranteed energy-savings program guidelines" means policies, procedures, and requirements of guaranteed savings agreements established by the Department of Administration.

Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part

of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed 25 years from the date of final installation;

(4) the commissioner finds that the amount it the state would spend, less the amount contributed for capital cost avoidance, on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over 25 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under ~~a lease purchase agreement~~ the project financing. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

Subd. 3. ~~Lease purchase agreement~~ **Project financing.** The commissioner may enter into ~~a lease purchase agreement~~ project financing with any party for the implementation of utility cost-savings measures in accordance with the guaranteed energy-savings agreement. ~~The implementation costs of the utility cost-savings measures recommended in the engineering report shall not exceed the amount to be saved in utility and operation and maintenance costs over the term of the lease purchase agreement.~~ The term of the ~~lease purchase agreement~~ project financing shall not exceed 25 years from the date of final installation. ~~The lease project financing is assignable in accordance with terms approved by the commissioner of management and budget.~~

Subd. 4. **Use of capital cost avoidance.** The affected state agency may contribute funds for capital cost avoidance for guaranteed energy-savings agreements. Use of capital cost avoidance is subject to the guaranteed energy-savings program guidelines within the Department of Administration.

Subd. 5. **Independent report.** For each guaranteed energy-savings agreement entered into, the commissioner of administration shall contract with an independent third party to evaluate the cost-effectiveness of each utility cost-savings measure implemented to ensure that such measures were the least-cost measures available. For the purposes of this section, "independent third party" means an entity not affiliated with the qualified provider, that is not involved in creating or providing conservation project services to that provider, and that has expertise (or access to expertise) in energy-savings practices.

Sec. 9. Minnesota Statutes 2014, section 16C.16, subdivision 2, is amended to read:

Subd. 2. **Small business.** The commissioner shall adopt ~~rules defining~~ the size standards for "small business" found in Code of Federal Regulations, title 49, section 26.65, for purposes of sections 16C.16 to 16C.21, 137.31, 137.35, 161.321, and 473.142. ~~The definition must include only businesses with their,~~ provided that the business has its principal place of business in Minnesota. ~~The definition must establish different size standards for various types of businesses. In establishing these standards, the commissioner must consider the differences among industries caused by the~~

~~size of the market for goods or services and the relative size and market share of the competitors operating in those markets.~~

Sec. 10. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

Subd. 13. **State-funded projects.** (a) Notwithstanding section 16C.001, this subdivision applies to contracts for state-funded capital improvement projects in excess of \$100,000 that are issued by organizations not subject to the small business requirements of this section, including municipalities as defined in section 466.01, subdivision 1.

(b) Organizations administering contracts described in paragraph (a) shall promote the use of targeted group businesses designated under this section and take steps to remove barriers to equitable participation of targeted group businesses.

(c) Organizations shall cooperate with the commissioner's efforts to monitor and measure compliance with this subdivision in the performance of state-funded contracts.

Sec. 11. Minnesota Statutes 2014, section 16C.19, is amended to read:

16C.19 ELIGIBILITY; RULES.

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small targeted group businesses, small businesses located in economically disadvantaged areas, and veteran-owned small businesses are eligible to participate under the requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

(d) Notwithstanding paragraph ~~(e)~~ (a), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service-disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74.

(e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been discharged under honorable conditions from active service, as indicated by the veteran owner's most current United States Department of Defense form DD-214.

(f) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a minority- or woman-owned small business, the principal place of business of which is in Minnesota, is certified if it has been certified under the provisions of Code of Federal Regulations, title 49, part 26.

(g) The commissioner may adopt rules to implement the programs under section 16C.16, subdivisions 4 to 7, using the expedited rulemaking process in section 14.389.

Sec. 12. Minnesota Statutes 2014, section 155A.21, is amended to read:

155A.21 POLICY.

The legislature finds that the health and safety of the people of the state are served by the licensing of the practice of cosmetology because of infection control and the use of chemicals, implements, apparatus, and other appliances requiring special skills and education.

To this end, the public will best be served by vesting these responsibilities in the Board of Cosmetologist Examiners.

Sec. 13. Minnesota Statutes 2014, section 155A.23, subdivision 8, is amended to read:

Subd. 8. **Manager.** A "manager" is any person who ~~conducts, operates, or manages a cosmetology school or salon and who also instructs in or~~ is a cosmetologist, esthetician, advanced practice esthetician, or nail technician practitioner, and who has a manager license and provides any services under that license, as defined in subdivision 3. ~~A school manager must maintain an active salon manager's license.~~

Sec. 14. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 8a. **Mobile salon.** A "mobile salon" is a salon that is operated in a mobile vehicle or mobile structure for exclusive use to offer personal services, as defined in subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 15. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 14. **Advanced practice esthetician.** An "advanced practice esthetician" is a person who for compensation performs personal services for the cosmetic care of the skin, including the use of mechanical or electrical skin care apparatuses or appliances that are used on the epidermal layer of the skin.

EFFECTIVE DATE. This section is effective August 1, 2015, except that a license for an advanced practice esthetician must not be issued prior to January 1, 2018.

Sec. 16. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 15. **Designated licensed salon manager.** A "designated licensed salon manager" is a manager designated by a salon owner and registered with the board, who is responsible with the salon owner for salon and practitioner compliance.

Sec. 17. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 16. **School manager.** A "school manager" is a cosmetologist who is a salon manager and who has a school manager license. A school manager must maintain an active salon manager's license.

Sec. 18. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 17. **Designated school manager.** A "designated school manager" is a school manager who is designated by the school owner and registered with the board, who is responsible with the school owner for school and instructor compliance.

Sec. 19. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 18. **Practitioner.** A "practitioner" is any person licensed in the practice of cosmetology, esthiology, or nail technology services.

Sec. 20. Minnesota Statutes 2014, section 155A.24, subdivision 2, is amended to read:

Subd. 2. **Hiring and assignment of employees.** The board has the authority to hire qualified personnel in the classified service to assist in administering the law, including those for the testing and licensing of applicants and the continuing inspections required. All staff must receive periodic training to improve and maintain customer service skills, conducting inspections, and complaint investigations.

Sec. 21. Minnesota Statutes 2014, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. **Schedule.** (a) The fee schedule for licensees fees and penalties is as follows: provided in this subdivision.

(a) (b) Three-year license fees are as follows:

(1) ~~cosmetologist, nail technician, or esthetician~~ \$195 initial practitioner, manager, or instructor license, divided as follows:

(i) ~~\$90~~ \$155 for each initial license and a \$40 nonrefundable initial license application fee, for a total of \$130; and

(ii) ~~\$60 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$75~~ \$40 for each initial license application fee;

(2) ~~instructor or manager~~ \$115 renewal of practitioner license, divided as follows:

(i) ~~\$120~~ \$100 for each initial renewal license and a \$40 nonrefundable initial license application fee, for a total of \$160; and

(ii) ~~\$90~~ \$15 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$105;

(3) \$145 renewal of manager or instructor license, divided as follows:

(i) \$130 for each renewal license; and

(ii) \$15 for each renewal application fee;

(4) \$350 initial salon license, divided as follows:

(i) ~~\$130~~ \$250 for each initial license and a \$100 nonrefundable initial license application fee, for a total of \$230; and

(ii) \$100 for each renewal and a \$50 nonrefundable renewal initial license application fee, for a total of \$150; and

(4) school (5) \$225 renewal of salon license, divided as follows:

(i) ~~\$1,500~~ \$175 for each initial license and a ~~\$1,000 nonrefundable initial license application fee, for a total of \$2,500~~ renewal; and

(ii) ~~\$1,500~~ \$50 for each renewal and a ~~\$500 nonrefundable renewal application fee, for a total of \$2,000~~;

(6) \$4,000 initial school license, divided as follows:

(i) \$3,000 for each initial license; and

(ii) \$1,000 for each initial license application fee; and

(7) \$2,500 renewal of school license, divided as follows:

(i) \$2,000 for each renewal; and

(ii) \$500 for each renewal application fee.

~~(b)~~ (c) Penalties may be assessed in amounts up to the following:

(1) reinspection fee, ~~variable~~ \$150;

(2) manager and owner with lapsed practitioner found on inspection, \$150 each;

(3) lapsed practitioner or instructor found on inspection, \$200;

(4) lapsed salon found on inspection, \$500;

(5) lapsed school found on inspection, \$1,000;

(6) failure to display current license, \$100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, \$500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, \$500;

(9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, \$500;

(10) owner and manager allowing an operator to work as an independent contractor, \$200;

(11) operator working as an independent contractor, \$100;

(12) refusal or failure to cooperate with an inspection, \$500;

(13) ~~expired cosmetologist, nail technician, esthetician, manager, school manager, and instructor license practitioner late renewal fee, \$45; and~~

(14) ~~expired salon or school license late renewal fee, \$50.~~

~~(e)~~ (d) Administrative fees are as follows:

(1) ~~certificate of identification, \$20~~ homebound service permit, \$50 three-year fee;

(2) name change, \$20;

(3) ~~letter of license verification~~ certification of licensure, \$30 each;

- (4) duplicate license, \$20;
- (5) ~~processing fee, \$10;~~
- (6) ~~special event permit, \$75 per year; and~~
- (7) ~~(6) registration of hair braiders, \$20 per year;~~
- (7) \$100 for each temporary military license for a cosmetologist, nail technician, esthetician, or advanced practice esthetician one-year fee;
- (8) expedited initial individual license, \$150;
- (9) expedited initial salon license, \$300;
- (10) instructor continuing education provider approval, \$150 each year; and
- (11) practitioner continuing education provider approval, \$150 each year.

Sec. 22. Minnesota Statutes 2014, section 155A.25, subdivision 5, is amended to read:

Subd. 5. **Board must approve or deny application; timeline.** Within 15 working days of receiving a complete application and the required fees for an initial or renewal to apply for or renew an individual or salon license that is not an expedited license or a military license, the board must (1) either grant or deny the application issue the license, (2) issue deny the license or and notify the applicant of the denial, or (3) issue a temporary license to an applicant for whom no record exists regarding: (i) a complaint filed with the board against the applicant; or (ii) a negative action by the board against the applicant if the conditions in subdivision 6 are met, notify the applicant that the board must conduct additional review.

Sec. 23. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 6. **Additional review for certain licenses.** If an application contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will comply with the time limits prescribed in section 15.992 to process the application.

Sec. 24. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 7. **Temporary military license or expedited license.** Within five business days of receiving a completed application and the required fees for an individual or salon license that meets requirements for an expedited license or a temporary military license, the board must (1) issue the license, (2) deny the license and notify the applicant of the denial, or (3) notify the applicant that the board must conduct additional review if the application meets the conditions in subdivision 8.

EFFECTIVE DATE. This section is effective August 1, 2015, except that an expedited license must not be issued prior to January 1, 2016.

Sec. 25. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 8. **Additional review for certain temporary military license or expedited license.** If an application under subdivision 7 contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will process the application according to the time limits in section 15.992.

Sec. 26. Minnesota Statutes 2014, section 155A.27, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** ~~Individual licensing shall be required for persons seeking~~ A person must hold an individual license to practice in the state as a cosmetologist, esthetician, nail technician, advanced practice esthetician, manager, or instructor.

Sec. 27. Minnesota Statutes 2014, section 155A.27, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** Qualifications for licensing in each classification shall be determined by the board and established by rule, and shall include educational and experiential prerequisites. The rules shall require a demonstrated knowledge of procedures necessary to protect the health and safety of the practitioner and the consumer of cosmetology services, including but not limited to chemical applications infection control, use of implements, apparatuses and other appliances, and the use of chemicals.

Sec. 28. Minnesota Statutes 2014, section 155A.27, subdivision 5a, is amended to read:

Subd. 5a. **Temporary military license.** The board shall establish temporary licenses for a cosmetologist, nail technician, and esthetician in accordance with section 197.4552. ~~The fee for a temporary license under this subdivision for a cosmetologist, nail technician, or esthetician is \$100.~~

Sec. 29. Minnesota Statutes 2014, section 155A.271, is amended to read:

155A.271 CONTINUING EDUCATION REQUIREMENTS.

Subdivision 1. **Continuing education requirements.** (a) Effective August 1, 2014, to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must attest to the completion of four hours of continuing education credits from an accredited school or a professional association of cosmetology during the three years prior to the applicant's renewal date. One credit hour of the requirement must include instruction pertaining to state laws and rules governing the practice of cosmetology. Three credit hours must include instruction pertaining to health, safety, and sanitation matters consistent with the United States Department of Labor's Occupational Safety and Health Administration standards applicable to the practice of cosmetology, or other applicable federal health, sanitation, and safety standards, and must be regularly updated so as to incorporate newly developed standards and accepted professional best practices. Credit hours earned are valid for three years and may be applied simultaneously to all individual licenses held by a licensee under this chapter. ~~This subdivision does not apply to instructors or inactive licenses.~~

(b) Effective August 1, 2017, in addition to the hours of continuing education credits required under paragraph (a), to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must also attest to the completion of one four-hour continuing education course from a continuing education provider based on any or all of the following:

- (1) product chemistry and chemistry interaction;
- (2) proper use of machines and instruments;
- (3) business management and human relations; or
- (4) techniques relevant to the type of license held.

Credits must be completed during the three years prior to the applicant's renewal date and may be applied simultaneously to other individual licenses held as applicable, except that credits completed under this paragraph must not duplicate credits completed under paragraph (a).

(c) Paragraphs (a) and (b) do not apply to an instructor license, a school manager license, or an inactive license.

Subd. 1a. **Product sales or marketing prohibited.** The marketing or sale of any product is prohibited during a continuing education class receiving credit under subdivision 1.

Subd. 2. ~~Schools and professional associations~~ **Continuing education providers.** (a) Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association organized under chapter 317A may offer continuing education curriculum for credit under ~~this section~~ subdivision 1, paragraph (a). Continuing education curriculum under subdivision 1, paragraph (b), may be offered by a:

(1) board-licensed school of cosmetology;

(2) board-recognized professional association organized under chapter 317A; or

(3) board-licensed salon.

The school and professional association may offer online and independent study options to achieve maximum involvement of licensees ~~and is~~. Continuing education providers are encouraged to offer classes available in foreign language formats.

(b) Board ~~recognition authorization~~ of a ~~professional association~~ continuing education provider under paragraph (a) is valid for ~~three years~~ one calendar year and is contingent upon submission and preapproval of the ~~general curriculum~~ lesson plan or plans with learning objectives for the class to be offered and the payment of the application fee in section 155A.25, subdivision 1a, paragraph (d), clause (11). The board may revoke ~~recognition~~ authorization of a continuing education provider at any time for just cause and the board may demand return of documents required under subdivision 3. ~~The professional association offering continuing education must be organized under chapter 317A.~~

Subd. 3. **Proof of credits.** The ~~school or professional association~~ continuing education provider shall provide to licensees who attend a class a receipt to prove completion of the class. Licensees shall retain proof of their continuing education credits for one year beyond the credit's expiration. ~~The school or professional association~~ continuing education provider shall retain documentation of all licensees successfully completing a class and the licensee's credit hours for five years.

Subd. 4. **Audit.** The board shall conduct random audits of active licensees periodically to ensure compliance with continuing education requirements. To initiate an audit, the board shall notify an active licensee of the audit and request proof of credits earned during a specified period. The licensee must provide the requested proof to the board within 30 days of an audit notice. The board may request that a school or professional association verify a licensee's credits. ~~The school or professional association~~ continuing education provider must furnish verification, or a written statement that the credits are not verified, within 15 days of the board's request for verification. If the board determines that a licensee has failed to provide proof of necessary credits earned during the specified time, the board may revoke the individual's license and may deem the individual a lapsed practitioner subject to penalty under section 155A.25 or 155A.36.

EFFECTIVE DATE. Subdivision 1 is effective August 1, 2017. Subdivision 1a is effective the day following final enactment. Subdivisions 2 to 4 are effective July 1, 2015.

Sec. 30. Minnesota Statutes 2014, section 155A.29, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** ~~Any A person who offers must not offer~~ cosmetology services for compensation in this state shall be (1) licensed as a salon if not employed by another licensed salon or (2) employed as an esthetician or cosmetologist in connection with medical care in relation to esthology in the office of a licensed physician unless the services are provided by a licensee in a licensed salon or as otherwise provided in this section. Each salon must be licensed as a cosmetology salon, a nail salon, esthetician salon, or advanced practice esthetician salon. A salon may hold more than one type of salon license.

Sec. 31. Minnesota Statutes 2014, section 155A.29, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) The conditions and process by which a salon is licensed shall be established by the board by rule. In addition to those requirements, no license shall be issued unless the board first determines that the conditions in clauses (1) to (5) have been satisfied:

(1) compliance with all local and state laws, particularly relating to matters of sanitation, health, and safety;

(2) the employment of a manager, as defined in section 155A.23, subdivision 8;

(3) if applicable, evidence of compliance with workers' compensation section 176.182; and

(4) evidence of continued professional liability insurance coverage of at least \$25,000 for each claim and \$50,000 total coverage for each policy year for each operator.

(b) ~~A licensed esthetician or nail technician who complies with the health, safety, sanitation, inspection, and insurance rules promulgated by the board to operate a salon solely for the performance of those personal services defined in section 155A.23, subdivision 5, in the case of an esthetician, or subdivision 7, in the case of a nail technician.~~

Sec. 32. Minnesota Statutes 2014, section 155A.29, is amended by adding a subdivision to read:

Subd. 2a. **Requirements for mobile salon.** In addition to complying with the requirements for a salon in subdivision 2, the holder of a salon license for a mobile salon must:

(1) maintain a permanent business address; and

(2) notify the board of the locations and schedule of operation of a mobile salon.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 33. Minnesota Statutes 2014, section 155A.30, subdivision 5, is amended to read:

Subd. 5. **Conditions precedent to issuance.** A license must not be issued unless the board first determines that the applicant has met the requirements in clauses (1) to (8):

(1) the applicant must have a sound financial condition with sufficient resources available to meet the school's financial obligations; to refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school; to provide adequate service to its students and prospective students; and to maintain proper use and support of the school;

(2) the applicant must have satisfactory training facilities with sufficient tools and equipment and the necessary number of work stations to adequately train the students currently enrolled, and those proposed to be enrolled;

(3) the applicant must employ a sufficient number of qualified instructors trained by experience and education to give the training contemplated;

(4) the premises and conditions under which the students work and study must be sanitary, healthful, and safe according to modern standards;

(5) each occupational course or program of instruction or study must be of such quality and content as to provide education and training ~~which~~ that will adequately prepare enrolled students for testing, licensing, and entry level positions as a cosmetologist, esthetician, or nail technician;

(6) the school must have coverage by professional liability insurance of at least \$25,000 per incident and an accumulation of \$150,000 for each premium year;

(7) the applicant shall provide evidence of the school's compliance with section 176.182;

(8) the applicant, except the state and its political subdivisions as described in section 471.617, subdivision 1, shall file with the board a continuous corporate surety bond in the amount of \$10,000, conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed \$10,000. The surety of the bond may cancel it upon giving 60 days' notice in writing to the board and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation; and

(9) the applicant must, at all times during the term of the license, employ a designated licensed school manager who maintains a cosmetology salon manager license.

Sec. 34. Minnesota Statutes 2014, section 155A.30, subdivision 10, is amended to read:

Subd. 10. **Discrimination prohibited.** ~~No~~ Each school, ~~duly approved under sections 155A.21 to 155A.36, shall refuse to teach any student, otherwise qualified, on account of race, sex, creed, color, citizenship, national origin, or sexual preference~~ must comply with the Minnesota Human Rights Act under chapter 363A.

Sec. 35. Minnesota Statutes 2014, section 161.1419, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The commission expires on June 30, ~~2016~~ 2020.

Sec. 36. Minnesota Statutes 2014, section 211B.37, is amended to read:

211B.37 COSTS ASSESSED.

Except as otherwise provided in section 211B.36, subdivision 3, the chief administrative law judge shall assess the cost of considering complaints filed under section 211B.32 as provided in this section. Costs of complaints relating to a statewide ballot question or an election for a statewide or legislative office must be assessed ~~against the appropriation from the general fund to the general account of the state elections campaign account in section 10A.31, subdivision 4~~ paid from appropriations to the Office of Administrative Hearings for this purpose. Costs of complaints

relating to any other ballot question or elective office must be paid from appropriations to the office for this purpose.

Sec. 37. Minnesota Statutes 2014, section 240A.09, is amended to read:

240A.09 PLAN DEVELOPMENT; CRITERIA.

The Minnesota Amateur Sports Commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) The commission must give priority to grant applications for indoor air quality improvements and projects that eliminate R-22. For purposes of this section:

(1) "indoor air quality improvements" means: (i) renovation or replacement of heating, ventilating, and air conditioning systems in existing indoor ice arenas whose ice resurfacing and ice edging equipment are not powered by electricity in order to reduce concentrations of carbon monoxide and nitrogen dioxide; and (ii) acquisition of zero-emission ice resurfacing and ice edging equipment. The new or renovated systems may include continuous electronic air monitoring devices to automatically activate the ventilation systems when the concentration of carbon monoxide or nitrogen dioxide reaches a predetermined level; and

(2) "projects that eliminate R-22," means replacement of ice-making systems in existing public facilities that use R-22 as a refrigerant, with systems that use alternative non-ozone-depleting refrigerants.

(c) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

- (1) proposals for construction of two or more ice sheets in a single new facility;
- (2) proposals for construction of an additional sheet of ice at an existing ice center;
- (3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and
- (4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

(d) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(e) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(f) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(g) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(h) The commission may also use the money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(i) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(j) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time and on projects described in paragraph (b).

(k) A grant for new facilities may not exceed \$250,000.

(l) The commission may make grants for rehabilitation and renovation. A rehabilitation or renovation grant for air quality may not exceed \$200,000 and a rehabilitation or renovation grant for R-22 elimination may not exceed \$50,000 for indirect cooling systems and may not exceed \$400,000 for direct cooling systems. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment, and for projects that eliminate R-22.

(m) Grant money may be used for ice centers designed for sports other than hockey.

(n) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 326B.112.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 38. Minnesota Statutes 2014, section 272.484, is amended to read:

272.484 FEES.

The fee for filing and indexing each notice of lien or certificate or notice affecting the lien is:

(1) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the secretary of state, the fee provided by section 336.9-525, except that the filing fee charged to the district directors of internal revenue for filing a federal tax lien is \$15 ~~for up to two debtor names and \$15 for each additional name;~~ and

(2) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the county recorder, the fee for filing a real estate mortgage in the county where filed.

The officer shall bill the district directors of internal revenue or other appropriate federal officials on a monthly basis for fees for documents filed by them.

Sec. 39. Minnesota Statutes 2014, section 303.19, is amended to read:

303.19 REINSTATEMENT.

Subdivision 1. **Application Required filing.** Any foreign corporation whose certificate of authority to do business in this state shall have been revoked or canceled may ~~file~~ reinststate that authority by filing an annual renewal and the fee required by subdivision 2 with the secretary

~~of state an application for reinstatement. Such application shall be on forms prescribed by the secretary of state, shall contain all the matters required to be set forth in an original application for a certificate of authority, and such other pertinent information as may be required by the secretary of state. If any of the information in the original application for authority has changed, the foreign corporation must also file an amended certificate setting forth the currently accurate information, with the fee required by section 303.21, subdivision 3.~~

Subd. 2. **Fee.** ~~If the certificate of authority was revoked by the secretary of state pursuant to section 303.17, the corporation shall pay to the commissioner of management and budget \$250 before it may be reinstated.~~

~~If the certificate of authority was canceled or by a judgment pursuant to section 303.18, the corporation shall pay to the commissioner of management and budget \$500 before it may be reinstated.~~

Subd. 3. **Certificate of reinstatement.** ~~Upon the filing of the application and upon payment of all penalties, fees and charges required by law, not including an initial license fee or additional license fees to the extent that they have previously been paid by the corporation the fees imposed by this section,~~ the secretary of state shall reinstate the license of the corporation.

Sec. 40. Minnesota Statutes 2014, section 304A.301, subdivision 1, is amended to read:

Subdivision 1. **Report required.** ~~No later than 90 days after the conclusion of each calendar year~~ Before each April 1, a public benefit corporation must deliver to the secretary of state for filing an annual benefit report covering the 12-month period ending on December 31 of ~~that the previous~~ year and pay a fee of \$35 to the secretary of state. The annual benefit report must state the name of the public benefit corporation, be signed by the public benefit corporation's chief executive officer not more than 30 days before the report is delivered to the secretary of state for filing, and must be current when signed.

Sec. 41. Minnesota Statutes 2014, section 304A.301, subdivision 5, is amended to read:

Subd. 5. **Failure to file an annual benefit report.** ~~If a public benefit corporation fails to file an, before April 1 of any calendar year, the annual benefit report in accordance with this section within 90 days of the date on which an annual benefit report is due required by this section,~~ the secretary of state shall revoke the corporation's status as a public benefit corporation under this chapter and must notify the public benefit corporation of the revocation using the information provided by the corporation pursuant to section 5.002 or 5.34 or provided in the articles.

Sec. 42. Minnesota Statutes 2014, section 304A.301, subdivision 6, is amended to read:

Subd. 6. **Effects of revocation; reinstatement.** (a) A public benefit corporation that has lost its public benefit corporation status for failure to timely file an annual benefit report ~~or by terminating that status pursuant to section 304A.103~~ is not entitled to the benefits afforded to a public benefit corporation under this chapter as of the date of revocation or termination and must amend the articles of incorporation to reflect a name compliant with section 302A.115, but which does not include the corporate designation provided for in section 304A.101, subdivision 2.

(b) Within 30 days of issuance of revocation of public benefit corporation status by the secretary of state, filing a renewal complying with this section and a \$500 fee with the secretary of state

will reinstate the corporation as a public benefit corporation under this chapter as of the date of revocation.

Sec. 43. Minnesota Statutes 2014, section 304A.301, is amended by adding a subdivision to read:

Subd. 8. Failure to change corporate name. The duration of a corporation that has had public benefit status terminated or revoked and which fails to change the corporate name as provided in subdivision 6 expires automatically 30 days after termination or revocation of the public benefit corporation status.

Sec. 44. Minnesota Statutes 2014, section 326A.01, subdivision 2, is amended to read:

Subd. 2. **Attest.** "Attest" means ~~to provide~~ providing any of the following financial statement services:

(1) an audit or other engagement performed in accordance with the Statements on Auditing Standards (SAS);

(2) a review of a financial statement performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(3) an examination of prospective financial information performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); ~~and~~

(4) ~~any an~~ an engagement performed in accordance with auditing and related the standards of the Public Company Accounting Oversight Board (PCAOB); and

(5) an examination, review, or agreed-upon procedures engagement performed in accordance with SSAE, other than an examination described in clause (3).

Sec. 45. Minnesota Statutes 2014, section 326A.01, subdivision 12, is amended to read:

Subd. 12. **Peer review.** "Peer review" means ~~an independent~~ a study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, or the professional work of a person registered under section 326A.06, paragraph (b), by persons who are not affiliated with the licensee or CPA firm being reviewed.

Sec. 46. Minnesota Statutes 2014, section 326A.01, subdivision 13a, is amended to read:

Subd. 13a. **Principal place of business.** "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and reciprocity ~~in this state and in other states.~~

Sec. 47. Minnesota Statutes 2014, section 326A.01, subdivision 15, is amended to read:

Subd. 15. **Report.** "Report," when used with reference to ~~financial statements an attest or compilation service,~~ means an opinion, report, or other form of language that states or implies assurance as to the reliability of ~~any the attested information or compiled~~ financial statements and that also includes or is accompanied by a statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language that disclaims an opinion when the

form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person or firm issuing the language. It includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

Sec. 48. Minnesota Statutes 2014, section 326A.01, subdivision 16, is amended to read:

Subd. 16. **State.** "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Guam; except that "this state" means the state of Minnesota.

Sec. 49. Minnesota Statutes 2014, section 326A.02, subdivision 3, is amended to read:

Subd. 3. **Officers; proceedings.** The board shall elect one of its ~~number~~ members as chair, another as vice-chair, and another as secretary and treasurer. The officers shall hold their respective offices for a term of one year and until their successors are elected. The affirmative vote of a majority of the qualified members of the board, or a majority of a quorum of the board at any meeting duly called, is considered the action of the board. The board shall meet at such times and places as may be fixed by the board. Meetings of the board are subject to chapter 13D. A majority of the board members then in office constitutes a quorum at any meeting duly called. The board shall retain or arrange for the retention of all applications and all documents under oath that are filed with the board and also records of its proceedings, and it shall maintain a registry of the names and addresses of all licensees and registrants under this chapter. In any proceeding in court, civil or criminal, arising out of or founded upon any provision of this chapter, copies of records of the proceeding certified as true copies by the board chair or executive director shall be admissible in evidence as tending to prove the contents of the records.

Sec. 50. Minnesota Statutes 2014, section 326A.02, subdivision 5, is amended to read:

Subd. 5. **Rules.** The board may adopt rules governing its administration and enforcement of this chapter and the conduct of licensees and persons registered under section 326A.06, paragraph (b), including:

- (1) rules governing the board's meetings and the conduct of its business;
- (2) rules of procedure governing the conduct of investigations and hearings and discipline by the board;
- (3) rules specifying the educational and experience qualifications required for the issuance of certificates and the continuing professional education required for renewal of certificates;
- (4) rules of professional conduct directed to controlling the quality and probity of services by licensees, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; and responsibilities to the public and to clients;
- (5) rules governing the professional standards applicable to licensees including adoption of the standards specified in section 326A.01, subdivision 2, and as developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board;
- (6) rules that incorporate by reference the standards for attesting listed in section 326A.01, subdivision 2, that are consistent with the standards of general applicability recognized by national

accountancy organizations, including the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board;

~~(6)~~ (7) rules governing the manner and circumstances of use of the titles "certified public accountant," "CPA," "registered accounting practitioner," and "RAP";

~~(7)~~ (8) rules regarding peer review that may be required to be performed under provisions of this chapter;

~~(8)~~ (9) rules on substantial equivalence to implement section 326A.14;

~~(9)~~ (10) rules regarding the conduct of the certified public accountant examination;

~~(10)~~ (11) rules regarding the issuance and renewals of certificates, permits, and registrations;

~~(11)~~ (12) rules regarding transition provisions to implement this chapter;

~~(12)~~ (13) rules specifying the educational and experience qualifications for registration, rules of professional conduct, rules regarding peer review, rules governing standards for providing services, and rules regarding the conduct and content of examination for those persons registered under section 326A.06, paragraph (b);

~~(13)~~ (14) rules regarding fees for examinations, certificate issuance and renewal, firm permits, registrations under section 326A.06, paragraph (b), notifications made under section 326A.14, and late processing fees; and

~~(14)~~ (15) upon any change to this chapter, if the board determines a change in Minnesota Rules is required, the board may initiate the expedited process under section 14.389 up to one year after the effective date of the change to this chapter.

Sec. 51. Minnesota Statutes 2014, section 326A.05, subdivision 1, is amended to read:

Subdivision 1. **General.** The board shall grant or renew permits to practice as a CPA firm to entities that make application and demonstrate their qualifications in accordance with this section.

(a) The following must hold a permit issued under this section:

(1) any firm with an office in this state performing attest services as defined in section 326A.01, subdivision 2;

(2) to the extent required by section 326A.10, paragraph (k), any firm with an office in this state performing compilation services as defined in section 326A.01, subdivision 6;

(3) any firm with an office in this state that uses the title "CPA" or "CPA firm"; or

(4) any firm that does not have an office in this state but performs attest services as described in section 326A.01, subdivision 2, paragraph (1), (3), or (4), for a client having its headquarters in this state.

(b) A firm possessing a valid permit from another state which does not have an office in this state may perform services described in section 326A.01, subdivision 2, clause (2) or (5), or subdivision 6, for a client having its headquarters in this state and may use the title "CPA" or "CPA firm" without a permit issued under this section only if:

(1) it has the qualifications described in subdivision 3, paragraph (b);

(2) as a condition to the renewal of the firm's permit issued by the other state, that state requires a peer review which contains the requirements equivalent to subdivision 8, paragraphs (a) and (e); and

(3) it performs the services through an individual who has been granted practice privileges under section 326A.14.

(c) A firm possessing a valid permit from another state that does not have an office in this state and which is not subject to the requirements of paragraph (a), clause (4), or (b), may perform other professional services while using the title "CPA" or "CPA firm" in this state without a permit issued under this section only if the firm:

(1) has the qualifications described in subdivision 3, paragraph (b);

(2) performs the services through an individual who has been granted practice privileges under section 326A.14; and

(3) can lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

Sec. 52. Minnesota Statutes 2014, section 326A.05, subdivision 3, is amended to read:

Subd. 3. **Qualifications.** (a) An applicant for initial issuance or renewal of a permit to practice under this section shall comply with the requirements in this subdivision.

(b) Notwithstanding chapter 319B or any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, must belong to holders of certificates who are licensed in some state, and the partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state, must hold valid certificates issued under section 326A.04 or the corresponding provision of prior law. Although firms may include nonlicensee owners, the firm and its ownership must comply with rules adopted by the board. The firm shall register all nonlicensee owners with the state board as set forth by rule. An individual who has been granted practice privileges under section 326A.14 and who performs services for which a firm permit is required under section 326A.14, subdivision 1, paragraph (d), is not required to obtain a certificate from the board under section 326A.04.

(c) A CPA firm may include nonlicensee owners provided that:

(1) the firm designates a licensee of this state, or in the case of a firm that must have a permit according to section 326A.14, subdivision 1, paragraph (d), a licensee of another state who meets the requirements in section 326A.14, subdivision 1, paragraph (a) or (b), who is responsible for the proper registration of the firm and identifies that individual to the board;

(2) all nonlicensee owners are persons of good moral character and are active individual participants in the CPA firm or affiliated entities; and

(3) the firm complies with other requirements imposed by the board in rule.

(d) An individual licensee and any individual granted practice privileges under section 326A.14 who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report ~~on the financial statements~~ on behalf of the firm, shall meet the competency requirements set out in the professional standards for such services.

(e) An individual licensee and any individual granted practice privileges under section 326A.14 who signs or authorizes someone to sign the accountants' report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirement of paragraph (d).

Sec. 53. Minnesota Statutes 2014, section 326A.08, subdivision 7, is amended to read:

Subd. 7. Violation; penalties; costs of proceeding. (a) The board may impose a civil penalty not to exceed ~~\$2,000~~ \$5,000 per violation upon a person or a firm that violates an order, statute, or rule that the board has issued or is empowered to enforce.

(b) The board may, in addition, impose a fee to reimburse the board for all or part of the cost of the proceedings, including reasonable investigative costs, resulting in disciplinary or corrective action authorized by this section, the imposition of civil penalties, or the issuance of a cease and desist order. The fee may be imposed when the board shows that the position of the person or firm that violates a statute, rule, or order that the board has issued or is empowered to enforce is not substantially justified, unless special circumstances make an award unjust, notwithstanding the provisions of Minnesota Rules, part 1400.8401. The costs include, but are not limited to, the amount paid by the board for services from the office of administrative hearings, attorney and reasonable investigative fees, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and expense incurred by board members and staff.

Sec. 54. Minnesota Statutes 2014, section 326A.10, is amended to read:

326A.10 UNLAWFUL ACTS.

(a) Only a licensee and individuals who have been granted practice privileges under section 326A.14 may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, an individual who has been granted practice privileges under section 326A.14, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees and individuals who have been granted practice privileges under section 326A.14 performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 or a practice privilege granted under section 326A.14 shall not use or assume the title "certified public

accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPA's," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm has complied with section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements or on an attest service. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h)(1) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(2) A common brand name or network name part, including common initials, used by a CPA firm in its name, is not misleading if the firm is a network firm as defined in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect July 1, 2011, and when offering or rendering services that require independence under AICPA standards, the firm must comply with the AICPA code's applicable standards on independence.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the ~~financial statements~~ information of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

- (1) contingent fees for professional services performed; and
- (2) commissions or referral fees for recommending or referring to a client any product or service.

(o) Anything in this section to the contrary notwithstanding, it shall not be a violation of this section for a firm not holding a valid permit under section 326A.05 and not having an office in this state to provide its professional services in this state so long as it complies with the applicable requirements of section 326A.05, subdivision 1.

Sec. 55. Minnesota Statutes 2014, section 336A.09, subdivision 1, is amended to read:

Subdivision 1. **Procedure.** (a) ~~Oral~~ Online and written inquiries regarding information provided by the filing of effective financing statements or lien notices may be ~~made at any filing office submitted to the secretary of state during regular business hours~~ or, if submitted online, at any time.

(b) ~~A filing office receiving an oral or written inquiry shall, upon request~~ The secretary of state must, upon receiving an inquiry, provide an ~~oral or facsimile~~ prompt response to the inquiry.

(c) ~~A filing office~~ The secretary of state shall maintain a record of inquiries made under this section including:

- (1) the date of the inquiry;
- (2) the name of the debtor inquired about; and
- (3) identification of the person making the request for inquiry.

Sec. 56. Laws 2013, chapter 142, article 1, section 10, is amended to read:

Sec. 10. OFFICE OF ENTERPRISE TECHNOLOGY MN.IT SERVICES	\$	2,431,000	\$	2,431,000
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During the biennium ending June 30, 2015, the Office of ~~Enterprise Technology~~ MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

The commissioner of Minnesota management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota

Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of ~~Enterprise Technology~~ MN.IT Services for the purpose of managing revenue and expenditure differences during the initial phases of IT consolidation. These funds shall be repaid with interest by ~~June 30, 2015~~ the end of the fiscal year 2015 closing period.

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

Sec. 57. Laws 2014, chapter 287, section 25, is amended to read:

Sec. 25. PARKING RAMP; REQUIRED USER FINANCING.

The amount equivalent to debt service on the design and construction costs allocated to the parking garage to be located on the block bounded by Sherburne Avenue on the north, Park Street on the west, University Avenue on the south, and North Capitol Boulevard on the east ~~must be user-financed from~~ must be transferred from parking fees collected and deposited into the state parking account and credited to the debt service account for the Legislative Office Facility. to the general fund to offset any direct appropriations made to the senate for debt service payments for the legislative parking garage.

Sec. 58. CAPITOL ROOM NUMBERS.

After the Capitol renovation has been completed, the commissioner of administration must use the same room numbers on signage to identify legacy rooms that were used to identify the rooms before the Capitol renovation. For purposes of this section, "Capitol renovation" means the construction project for which funds were appropriated in Laws 2013, chapter 136, section 3; "legacy rooms" means any room in the Capitol after Capitol renovation that has dimensions and a location that are substantially similar to a room within the Capitol that existed before renovation; and "signage" means any posting on any surface in the Capitol building.

Sec. 59. IN-LIEU OF RENT EVALUATION.

(a) The commissioner of administration must evaluate and provide recommendations regarding the base appropriation to the Department of Administration for an in-lieu of rent payment for space costs of the legislature and veterans organizations, vending operators, ceremonial space, and statutorily free space in the Capitol building and in other buildings on the Capitol grounds under the custodial control of the Department of Administration.

(b) By January 15, 2017, the commissioner must report to the chairs and ranking minority members of the committees and divisions in the senate and the house of representatives with jurisdiction over the appropriation to the Department of Administration for the in-lieu of rent payment. The report must:

(1) identify the amount and quality of space that will be occupied by the senate, the house of representatives, and veterans organizations, ceremonial space, and statutorily free space, in fiscal years 2018 and 2019, including a comparison to the amount and quality of space occupied by the same tenants in fiscal year 2013;

(2) evaluate and justify the expense components included and assumptions made in determining lease rates and make comparisons to market rates; and

(3) evaluate whether the base funding for fiscal years 2018 and 2019 for the in-lieu of rent appropriation is justified, and if not, recommend an increase or decrease.

(c) In conducting the evaluation and preparing the report, the commissioner must consult with the secretary of the senate, the chief clerk of the house of representatives, the commissioner of employment and economic development on behalf of the services for the blind, and the commissioner of veterans affairs on behalf of veterans organizations that use space for which the Department of Administration receives an in-lieu of rent appropriation.

Sec. 60. **RULEMAKING.**

(a) The Board of Cosmetologist Examiners shall adopt rules governing the licensure, operation, and inspection of mobile salons, including facility requirements; safety and infection control requirements; a process for a salon licensee to notify the board of the mobile salon's location and times of operation; requirements for supplying and disposing of water and waste products; and the scope of personal services to be provided in mobile salons. The rules must prohibit mobile salons from violating reasonable municipal restrictions on time and place of operation of a mobile salon within its jurisdiction, and shall establish penalties, up to and including revocation of a license, for repeated violations of municipal laws.

(b) The Board of Cosmetologist Examiners shall adopt rules governing the advanced practice esthetician license, including the educational and training requirements, scope of practice, and the conditions and process of issuing and renewing the license.

EFFECTIVE DATE. Paragraph (a) of this section is effective the day following final enactment. Paragraph (b) of this section is effective January 1, 2016, and expires January 1, 2019.

Sec. 61. **STATE AGENCY TECHNOLOGY PROJECTS.**

Any appropriation in this chapter for information technology project services and support is subject to Minnesota Statutes, section 16E.0466. If an agency needs ongoing information technology services as a result of the services and support paid for with an appropriation in this chapter, the agency must enter into an agreement with the Office of MN.IT Services to provide those services. The agreement must require the agency to pay the Office of MN.IT Services under rates and mechanisms specified in the agreement.

Sec. 62. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the word "sanitation" to "infection control" and the word "lapsed" to "expired" wherever they appear in Minnesota Statutes, chapter 155A, or Minnesota Rules, chapter 2105 or 2110.

Sec. 63. **REPEALER.**

Minnesota Statutes 2014, section 155A.23, subdivision 6, is repealed.

ARTICLE 3

MILITARY AND VETERANS AFFAIRS

Section 1. Minnesota Statutes 2014, section 190.16, is amended by adding a subdivision to read:

Subd. 6b. **Reimbursement grants.** The adjutant general shall administer a reimbursement grant program under section 192.26, subdivision 3, and pay grants to local units of government to reimburse them for paying salary and benefits to public safety employees on authorized leave under section 192.26, subdivision 1.

EFFECTIVE DATE. This section is effective the day following final enactment for reimbursement of eligible costs incurred by local units of government in calendar year 2016 and thereafter.

Sec. 2. Minnesota Statutes 2014, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

- (1) grants to veterans service organizations;
- (2) outreach to underserved veterans;
- (3) providing services and programs for veterans and their families; ~~and~~
- (4) transfers to the vehicle services account for Gold Star license plates under section 168.1253;
- (5) grants of up to \$100,000 to any organization approved by the commissioner of veterans affairs for the purpose of supporting and improving the lives of veterans and their families; and
- (6) grants to an eligible foundation.

(b) For purposes of this subdivision, "eligible foundation" includes any organization that:

- (1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and
- (2) is a nonprofit corporation under chapter 317A and the organization's articles of incorporation specify that a purpose of the organization includes (i) providing assistance to veterans and their families or (ii) enhancing the lives of veterans and their families.

Sec. 3. Minnesota Statutes 2014, section 190.19, subdivision 3, is amended to read:

Subd. 3. **Annual report.** The adjutant general and commissioner of veterans affairs must report by February 1, ~~2007, and each year thereafter,~~ to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over military and veterans' affairs on the number, amounts, and use of grants made by ~~the adjutant general~~ each agency from the Minnesota "Support Our Troops" account in the previous year.

Sec. 4. Minnesota Statutes 2014, section 192.26, is amended by adding a subdivision to read:

Subd. 3. **State reimbursement for costs of authorized leave.** (a) For purposes of this subdivision, the terms in this paragraph have the meanings given them:

(1) "public safety employees" means peace officers, firefighters, and ambulance service personnel, as defined in section 144E.001, subdivision 3a, who are full-time employees of a local unit of government;

(2) "local unit of government" means a county or home rule charter or statutory city; and

(3) "salary and benefits" means the wages or salaries and benefits paid to employees of the local unit of government on authorized leave under this section.

(b) The adjutant general shall make grants to local units of government to reimburse them for salary and benefits paid to public safety employees on authorized leave under this section.

(c) To be eligible for state reimbursement of the amount of salary and benefits paid for the preceding calendar year as determined under this subdivision, the local unit of government shall apply to the adjutant general by March 15. By July 15, the adjutant general shall pay the reimbursement grants to the local units of government.

(d) The adjutant general shall prescribe the form and supporting information that must be supplied by the local unit of government as part of the application for state reimbursement.

(e) An appropriation by law from the general fund to the adjutant general must be used to pay the grants. If the appropriation is insufficient to pay the entire sum of all of the reimbursements for eligible costs for which local units of government have applied, the adjutant general shall reduce each grant proportionally so that the sum of the grants equals the available appropriation.

EFFECTIVE DATE. This section is effective the day following final enactment for reimbursement of eligible costs incurred by local units of government in calendar year 2016 and thereafter.

Sec. 5. Minnesota Statutes 2014, section 192.38, subdivision 1, is amended to read:

Subdivision 1. **Temporary emergency relief.** If any officer or enlisted member of the military forces is wounded or otherwise disabled, dies from disease contracted or injuries received, or is killed while in state active service as defined in section 190.05, subdivision 5a, the officer or member, or in the case of death the officer's or member's dependent spouse, child, or parent, may be provided with immediate temporary relief as necessary in cases of severe hardship, in an amount to be determined by the adjutant general and approved by the governor a death gratuity payment equal to the amount allowed for service members in a federal active service status. All payments under this subdivision shall be made from appropriations for the maintenance of the state military forces-emergency services. The adjutant general shall notify the Department of Management and Budget of any payments made pursuant to this subdivision and the amount of it shall be subtracted from any award made by the Department of Management and Budget.

Sec. 6. Minnesota Statutes 2014, section 192.501, is amended by adding a subdivision to read:

Subd. 1d. **Reclassification bonus program.** (a) The adjutant general must establish a program to provide a bonus to eligible members of the Minnesota National Guard who complete training that results in the award of a new military occupational specialty or Air Force specialty code in specialties that are identified by the adjutant general to be necessary for the enhanced readiness of the Minnesota National Guard.

(b) Eligibility for the bonus is limited to a member of the National Guard who:

(1) is serving satisfactorily as determined by the adjutant general;

(2) has 16 or fewer years of services creditable for retirement; and

(3) undergoes military training deemed by the adjutant general as sufficiently important to the readiness of the National Guard or a unit of the National Guard to warrant the payment of a bonus in an amount to generally encourage the member's participation in the training.

The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

(c) The bonus payments must be made on a schedule that is determined and published in department regulations by the adjutant general.

(d) If a member fails to complete a term of reenlistment or an obligated term of commissioned service for which a bonus was paid, the adjutant general may seek to recoup a prorated amount of the bonus as determined by the adjutant general.

Sec. 7. Minnesota Statutes 2014, section 197.133, is amended to read:

197.133 DISPOSAL OF PROPERTY AND EXPIRATION OF BOARD OF GOVERNORS.

(a) If a majority of the board determines that the disposal of the Big Island Veterans camp or a portion of the camp is in the best interests of Minnesota veterans, or if the camp is not used solely as a camp for and by disabled and other veterans and their families and operated and maintained in compliance with all state, federal, and local laws, the board may dispose of the property at market value as provided in this section. Before disposing of the property, the board shall give notice by certified mail to the commissioner of veterans affairs of its decision to dispose of the property. The commissioner shall publish the notice in the State Register. Interested governmental agencies have until the end of the next legislative session after the notice to appropriate money to purchase the property.

(b) Proceeds realized from the disposal of the property and any assets on hand at the time of the disposal of the property, must be placed in an irrevocable trust to be used for the initiation or maintenance of veterans programs in the state of Minnesota. Trustees must be appointed in the same manner as provided for under Minnesota Statutes 2014, section 197.131. The trustees shall consult with the commissioner of veterans affairs to determine the needs of Minnesota veterans and provide the commissioner with an annual written report on the trust. The commissioner must approve all expenditures from the trust. A certified audit of all assets, expenditures, and property must be conducted prior to any disposition of any assets under the control of the board. Any board member who would benefit directly or indirectly financially from the sale of this property must be removed by the board and a successor appointed as provided by Minnesota Statutes 2014, section 197.131. Upon final disposition of all assets to the trust, the board must disband. Should the assets of the trust be exhausted, the trust must be terminated.

(c) The trustees appointed under paragraph (b) shall have the exclusive authority to remove a trustee of the trust established under paragraph (b). A trustee may be removed at any time without cause upon a majority vote of the trustees with consent of the commissioner of veterans affairs.

(d) A vacancy in a trusteeship of the trust established under paragraph (b) must be filled for the remainder of the unexpired term in the same manner as the original appointment.

Sec. 8. Minnesota Statutes 2014, section 198.03, subdivision 2, is amended to read:

Subd. 2. **Cost of care.** (a) The commissioner shall set out in rules the method of calculating the average cost of care for the domiciliary and nursing care residents. The cost must be determined yearly based upon the average cost per resident taking into account, but not limited to, administrative cost of the homes, the cost of service available to the resident, and food and lodging costs. These average costs must be calculated separately for domiciliary and nursing care residents. The amount charged each resident for maintenance, if anything, must be based on the appropriate average cost of care calculation and the assets and income of the resident but must not exceed the appropriate average cost of care.

(b) Using the authority granted in section 198.003, the commissioner shall set out in rules the method of calculating each domiciliary resident's maintenance charge. This maintenance charge shall establish a personal needs allowance based on each domiciliary resident's monthly income. For the period of July 1, 2015, to June 30, 2016, the personal needs allowance shall not be less than \$122 per month. For the period of July 1, 2016, to June 30, 2017, the personal needs allowance shall not be less than \$130 per month. Thereafter, the minimum personal needs allowance must be adjusted by multiplying the allowance by one-half of the percentage change of the Consumer Price Index on the first day of each fiscal year.

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

Sec. 9. Minnesota Statutes 2014, section 198.03, subdivision 3, is amended to read:

Subd. 3. **Arrearages.** Residents are liable for paying all of their overdue maintenance charges. Overdue maintenance charges incurred after May 1, 1990, may be charged interest according to section 334.01. A resident owing overdue maintenance to the state of Minnesota ~~for charges incurred prior to May 1, 1990,~~ may continue to stay in the home if the resident enters into an agreement, including a payment schedule, with the administrator for the payment of the arrearage and abides by the agreement. Residents who do not promptly pay maintenance or who do not abide by their agreements to pay overdue maintenance to the state of Minnesota may be discharged from the home. The payment schedule agreed to between the administrator and the resident must provide for the prompt payment of the overdue maintenance owed by the resident, but it must not reduce the resident's personal needs allowance below ~~that which is provided for in the administrative rules of the facility~~ the amount specified in subdivision 2.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2014, sections 197.131; and 197.132, are repealed.

ARTICLE 4

PARI-MUTUEL HORSE RACING

Section 1. Minnesota Statutes 2014, section 240.01, subdivision 22, is amended to read:

Subd. 22. **Racing season.** "Racing season" means that portion of the calendar year starting at the beginning of the day of the first live horse race conducted by the licensee and concluding at the end of the day of the last live horse race conducted by the licensee in any year.

~~For purposes of this chapter, the racing season begins before the first Saturday in May and continues for not less than 25 consecutive weeks.~~

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 2. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 28. **Takeout.** "Takeout" means the total amount of money, excluding breakage, withheld from each pari-mutuel pool, as authorized by statute or rule.

Sec. 3. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 29. **Handle.** "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers or cancellations.

Sec. 4. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 30. **Mixed meet.** "Mixed meet" means a racing day or series of racing days on which the racing of more than one breed of horse occurs.

Sec. 5. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 31. **Banked.** "Banked" means any game of chance that is played with the house as a participant in the game, where the house takes on all players, collects from all losers, and pays all winners, and the house can win.

Sec. 6. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 32. **Steward.** A "steward" means an official described in section 240.16. The term steward includes the terms "judge," "chief steward," and "presiding judge," and applies to stewards and judges of the commission or a class B licensee, but not to other racing officials, such as paddock or placement judges, who are employees or agents of a class B licensee.

Sec. 7. Minnesota Statutes 2014, section 240.011, is amended to read:

240.011 APPOINTMENT OF DIRECTOR.

The governor shall appoint the director of the Minnesota Racing Commission, who serves in the unclassified service at the governor's pleasure. The director must be a person qualified by experience ~~in the administration and regulation of pari-mutuel racing~~ and training to possess the skills necessary to discharge the duties of the director. The governor must select a director from a list of one or more names submitted by the Minnesota Racing Commission.

Sec. 8. Minnesota Statutes 2014, section 240.03, is amended to read:

240.03 COMMISSION POWERS AND DUTIES.

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;

- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and to issue subpoenas to compel the attendance of witnesses and the submission of information, documents, ~~and records,~~ and other evidence it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; and
- (10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 9. Minnesota Statutes 2014, section 240.08, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

(a) (1) is not in default in the payment of an obligation or debt to the state under Laws 1983, chapter 214;

(b) (2) does not have a felony conviction of record in a state or federal court and does not have a state or federal felony charge pending;

(c) (3) is not and never has been connected with or engaged in an illegal business;

(d) (4) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;

(e) (5) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and

(f) (6) has never been found to have knowingly violated a rule or an order of the commission or a law or rule of Minnesota or another jurisdiction relating to horse racing, pari-mutuel betting, or any other form of gambling.

(b) The application must also contain an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleading authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the Office of the Secretary

of State and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Sec. 10. Minnesota Statutes 2014, section 240.08, subdivision 4, is amended to read:

Subd. 4. **License issuance and renewal.** If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective for a minimum of one year for all class C licenses, and up to three years for certain classifications of class C licenses to be determined by the commission.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

Subd. 5. **Revocation and suspension.** (a) The commission may revoke a class C license for a violation of law or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, the public health, welfare, or safety, or for an intentional false statement made in a license application.

The commission may suspend a class C license for up to one year for a violation of law, order or rule.

The commission may delegate to its designated agents the authority to impose suspensions of class C licenses, and the revocation or suspension of a class C license may be appealed to the commission according to its rules.

(b) A license revocation or suspension for more than 90 days is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule. The commission may summarily suspend a license for more than 90 days prior to a contested case hearing where it is necessary to ensure the integrity of racing or to protect the public health, welfare, or safety. A contested case hearing must be held within 20 30 days of the summary suspension and the administrative law judge's report must be issued within 20 30 days from the close of the hearing record. In all cases involving summary suspension the commission must issue its final decision within 30 days from receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61.

Sec. 12. Minnesota Statutes 2014, section 240.10, is amended to read:

240.10 LICENSE FEES.

The fee for a class A license is \$253,000 per year and must be remitted on July 1. The fee for a class B license is \$500 for each assigned racing day and \$100 for each day on which simulcasting is authorized and must be remitted on July 1. ~~Included herein are all days assigned to be conducted after January 1, 2003.~~ The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 ~~but no annual fee for a class C license may exceed \$100.~~

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 13. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

Subd. 5. **Purses.** (a) From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to not less than the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages, if the contract is in writing and filed with the commission:

(1) for live races conducted at a class A facility, ~~and for races that are part of full racing card simulcasting that takes place within the time period of the live races;~~ 8.4 percent of handle;

(2) for simulcasts conducted during the racing season other than as provided for in clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel pools, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal; and

~~(3) (2) for simulcasts conducted outside of the racing season, 25 any day a class A facility is licensed, not less than 37 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal and, before January 1, 2005, a further deduction of eight percent of all money in all pools. In the event that wagering on simulcasts outside of the racing season exceeds \$125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between \$125,000,000 and \$150,000,000 wagered; 40 percent on amounts between \$150,000,000 and \$175,000,000 wagered; and 50 percent on amounts in excess of \$175,000,000 wagered. In lieu of the eight percent deduction, A deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004.~~

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

~~In lieu of the amount the licensee must pay to the commission for deposit in the Minnesota breeders fund under section 240.15, subdivision 1, The licensee shall pay to the commission for deposit in the Minnesota breeders fund 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on full racing card simulcasts of races not conducted in this state.~~

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation to its members, an amount as may be determined by agreement by the licensee and the horsepersons' organization sufficient to provide benevolent programs, benefits, and services for horsepersons and their on-track employees; an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the

horseperson's organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

~~(d) Money set aside for purses from wagering, during the racing season, on simulcasts must be used for purses for live races conducted at the licensee's class A facility during the same racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state. Money set aside for purses from wagering, outside of the racing season, on simulcasts must be for purses for live races conducted at the licensee's class A facility during the next racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state.~~

~~(e)~~ (d) Money set aside for purses from wagering on simulcasts must be used for purses for live races involving the same breed involved in the simulcast except that money set aside for purses and payments to the breeders fund from wagering on full racing card simulcasts of races not conducted in this state, occurring during a live mixed meet, must be allotted to the purses and breeders fund for each breed participating in the mixed meet as agreed upon by the breed organizations participating in the live mixed meet. The agreement shall be in writing and filed with the commission prior to the first day of the live mixed meet. In the absence of a written agreement filed with the commission, the money set aside for purses and payments to the breeders fund from wagering on simulcasts, occurring during a live mixed meet, shall be allotted to each breed participating in the live mixed meet in the same proportion that the number of live races run by each breed bears to the total number of live races conducted during the period of the mixed meet.

(f) ~~(e)~~ The allocation of money set aside for purses to particular racing meets may be adjusted, relative to overpayments and underpayments, by contract between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility.

~~(g)~~ (f) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses may be distributed proportionately to those breeds that have run during the preceding 12 months or paid to the commission and used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

~~(h)~~ (g) This subdivision does not apply to a class D licensee.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 14. Minnesota Statutes 2014, section 240.13, subdivision 6, is amended to read:

Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to conduct simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007.

(b) The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. In the case of a class A facility licensed under section 240.06, subdivision 5a, the approval applicable to the first year of the racetrack's operation may be obtained from the horsepersons' organization that represents the majority of horsepersons who will race the breed involved at the licensed racetrack during the first year of the racetrack's operation.

(c) The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

(d) With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

(e) Except as otherwise provided in this section, simulcasting may be conducted on a separate commingled pool basis or, with the approval of the commission, on a ~~commingled~~ separate pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage for pari-mutuel pools on a televised race must be calculated in accordance with the law or rules governing the sending racetrack for these pools, and must be distributed in a manner agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7 and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets that are consistent with the law and rules governing unclaimed tickets at the sending racetrack. For the purposes of this section, "sending racetrack" is either the racetrack outside of this state where the horse race is conducted or, with the consent of the racetrack, an alternative facility that serves as the racetrack for the purpose of commingling pools.

(f) Except as otherwise provided in section 240.06, subdivision 5b, paragraph (2), if there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting may be conducted only on races run by a breed that ran at the licensee's class A facility within the 12 months preceding the event.

Sec. 15. Minnesota Statutes 2014, section 240.135, is amended to read:

240.135 CARD CLUB REVENUE.

(a) From the amounts received from charges authorized under section 240.30, subdivision 4, the licensee shall set aside the amounts specified in this section to be used for purse payments. These amounts are in addition to the breeders fund and purse requirements set forth elsewhere in this chapter.

(1) For amounts between zero and \$6,000,000, the licensee shall set aside not less than ten percent to be used as purses.

(2) For amounts in excess of \$6,000,000, the licensee shall set aside not less than 14 percent to be used as purses.

(b) From all amounts set aside under paragraph (a), the licensee shall set aside ten percent to be deposited in the breeders fund. ~~The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages different from those stated in this section if the agreement is in writing and filed with the Racing Commission.~~

(c) It is the intent of the legislature that the proceeds of the card playing activities authorized by this chapter be used to improve the horse racing industry by improving purses. The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages that exceed those stated in this section if the agreement is in writing and filed with the commission. The commission shall annually review the financial details of card playing activities and determine if the present use of card playing proceeds is consistent with the policy established by this paragraph. If the commission determines that the use of the proceeds does not comply with the policy set forth herein, then the commission shall direct the parties to make the changes necessary to ensure compliance. If these changes require legislation, the commission shall make the appropriate recommendations to the legislature.

Sec. 16. Minnesota Statutes 2014, section 240.15, subdivision 1, is amended to read:

Subdivision 1. **Taxes imposed.** (a) There is imposed a tax at the rate of six percent of the amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of the next year.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the ~~total amount bet on each racing day~~ handle for live races conducted at a class A facility, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

(1) the tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 17. Minnesota Statutes 2014, section 240.15, subdivision 6, is amended to read:

Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, according to this subdivision. All money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by ~~full racing card~~

simulcasts must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. Taxes received under this section and fines collected under section 240.22 must be paid to the commissioner of management and budget for deposit in the general fund. All revenues from licenses and other fees imposed by the commission must be deposited in the state treasury and credited to a racing and card playing regulation account in the special revenue fund. Receipts in this account are available for the operations of the commission up to the amount authorized in biennial appropriations from the legislature.

Sec. 18. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

Subdivision 1. **Powers and duties.** All horse races run at a licensed racetrack must be presided over by a board of three stewards, who must be appointees of the commission or persons approved by it. The commission shall designate one steward as chair. At least two stewards for all races either shall be employees of the commission who shall serve in the unclassified service, or shall be under contract with the commission to serve as stewards. The commission may delegate the following duties and powers to a board of stewards:

- (a) to ensure that races are run in accordance with the commission's rules;
- (b) to supervise the conduct of racing to ensure the integrity of the sport;
- (c) to settle disputes arising from the running of horse races, and to certify official results;
- (d) to impose on licensees, for violation of law or commission rules, fines not exceeding ~~\$2,000~~ \$5,000 and license suspensions not exceeding 90 days;
- (e) to recommend to the commission where warranted penalties in excess of those in clause (d);
- (f) to otherwise enforce the laws and rules of racing; and
- (g) to perform other duties and have other powers assigned by the commission.

Sec. 19. Minnesota Statutes 2014, section 240.22, is amended to read:

240.22 FINES.

(a) The commission shall by rule establish a graduated schedule of civil fines for violations of laws related to horse racing or of the commission's rules. The schedule must include minimum and maximum fines for each violation and be based on and reflect the culpability, frequency and severity of the violator's actions. The commission may impose a fine from this schedule on a licensee for a violation of those rules or laws relating to horse racing. The fine is in addition to any criminal penalty imposed for the same violation. Fines imposed by the commission must be paid to the commission and except as provided in paragraph (b), forwarded to the commissioner of management and budget for deposit in the general fund. A fine in excess of ~~\$2,000~~ \$5,000 is a contested case under the Administrative Procedure Act.

(b) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 20. Minnesota Statutes 2014, section 240.23, is amended to read:

240.23 RULEMAKING AUTHORITY.

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) ~~wire~~ wired and wireless communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees; **and**

(j) procedures for the sampling and testing of any horse that is eligible to race in Minnesota for substances or practices that are prohibited by law or rule; and

~~(j)~~ (k) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

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

Sec. 21. Minnesota Statutes 2014, section 364.09, is amended to read:

364.09 EXCEPTIONS.

(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire protection agencies; to eligibility for a private detective or protective agent license; to the licensing and background study process under chapters 245A and 245C; to the licensing and background investigation process under chapter 240; to eligibility for school bus driver endorsements; to eligibility for special transportation service endorsements; to eligibility for a commercial driver training instructor license, which is governed by section 171.35 and rules adopted under that section; to emergency medical services personnel, or to the licensing by political subdivisions of taxicab drivers, if the applicant for the license has been discharged from sentence for a conviction within the ten years immediately preceding application of a violation of any of the following:

(1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

(2) any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or

(3) a violation of chapter 169 or 169A involving driving under the influence, leaving the scene of an accident, or reckless or careless driving.

This chapter also shall not apply to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the Board of Teaching or the commissioner of education.

(c) Nothing in this section precludes the Minnesota Police and Peace Officers Training Board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

(d) This chapter does not apply to a license to practice medicine that has been denied or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.

(e) This chapter does not apply to any person who has been denied a license to practice chiropractic or whose license to practice chiropractic has been revoked by the board in accordance with section 148.10, subdivision 7.

(f) This chapter does not apply to any license, registration, or permit that has been denied or revoked by the Board of Nursing in accordance with section 148.261, subdivision 1a.

(g) This chapter does not supersede a requirement under law to conduct a criminal history background investigation or consider criminal history records in hiring for particular types of employment.

Sec. 22. REVISOR'S INSTRUCTION.

(a) The revisor of statutes shall renumber the subdivisions in Minnesota Statutes, section 240.01, to put the definitions contained in that section in alphabetical order.

(b) The revisor of statutes shall correct any cross-references in Minnesota Statutes and Minnesota Rules as a result of the renumbering in paragraph (a).

Sec. 23. REPEALER.

Minnesota Statutes 2014, section 240.01, subdivisions 12 and 23, are repealed.

ARTICLE 5

REVENUE

Section 1. Minnesota Statutes 2014, section 270C.722, subdivision 1, is amended to read:

Subdivision 1. **Notice of revocation; hearings.** (a) If ~~(1)~~ a person fails to comply with chapter 297A or the sales and use tax provisions of chapter 289A or the rules related to sales tax, ~~or (2) any retailer purchases for resale from an unlicensed seller more than 20,000 cigarettes or \$500 or more worth of tobacco products, without reasonable cause,~~ the commissioner may give the person

30 days' notice in writing, specifying the violations, and stating that based on the violations the commissioner intends to revoke the person's permit issued under section 297A.84. The notice must also advise the person of the right to contest the revocation under this subdivision. It must also explain the general procedures for a contested case hearing under chapter 14. The notice may be served personally or by mail in the manner prescribed for service of an order of assessment.

(b) If the person does not request a hearing within 30 days after the date of the notice of intent, the commissioner may serve a notice of revocation of permit upon the person, and the permit is revoked. If a hearing is timely requested, and held, the permit is revoked after the commissioner serves an order of revocation of permit under section 14.62, subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 2. Minnesota Statutes 2014, section 270C.728, is amended by adding a subdivision to read:

Subd. 8. **Publication of revoked retail cigarette licenses.** (a) Notwithstanding any other law, the commissioner may publish a list of persons who have had their retail licenses to sell cigarettes or tobacco products revoked under section 297F.186. In the case of a license holder that is a business entity, the commissioner may also publish the name of responsible persons of the license holder, as defined in section 297F.186, subdivision 1.

(b) At least 30 days before publishing the name of a license holder or responsible person, the commissioner shall mail a written notice to the license holder and to responsible persons of the license holder of the commissioner's intent to publish. This notice may be included as part of the notice of intent to revoke a license as required under section 297F.186, subdivision 3.

(c) The list may be published by any medium or method. The list must contain the name and address of the license holder and name of the responsible person and the date the license was revoked.

(d) The commissioner shall remove the name of a license holder or responsible person from the list five years from the date of the license revocation or upon the license holder or responsible person receiving a license clearance under section 297F.186.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 3. Minnesota Statutes 2014, section 297F.01, subdivision 14, is amended to read:

Subd. 14. **Retailer.** "Retailer" means a person ~~required to be licensed under chapter 461~~ located in this state engaged in this state in the business of selling, or offering to sell, cigarettes or tobacco products to consumers.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 297F.03, subdivision 5, is amended to read:

Subd. 5. **License fees; cigarettes.** Each application for a cigarette distributor's license must be accompanied by a fee of ~~\$300~~ \$500. Each application for a cigarette subjobber's license must be accompanied by a fee of ~~\$24~~ \$100. A distributor or subjobber applying for a license during the second year of a two-year licensing period is required to pay only one-half of the license fee.

EFFECTIVE DATE. This section is effective for license periods beginning after December 31, 2015.

Sec. 5. Minnesota Statutes 2014, section 297F.03, subdivision 6, is amended to read:

Subd. 6. **License fees; tobacco products.** Each application for a tobacco products distributor's license must be accompanied by a fee of ~~\$75~~ \$500. Each application for a tobacco products subjobber's license must be accompanied by a fee of ~~\$20~~ \$100. A distributor or subjobber applying for a license during the second year of a two-year licensing period is required to pay only one-half of the license fee.

EFFECTIVE DATE. This section is effective for license periods beginning after December 31, 2015.

Sec. 6. Minnesota Statutes 2014, section 297F.04, subdivision 1, is amended to read:

Subdivision 1. **Powers of commissioner.** The commissioner may revoke ~~or~~ suspend, or refuse to renew the license or licenses of any distributor or subjobber, or refuse to issue a license to an applicant for a distributor or subjobber license, for violation of this chapter, any other act applicable to the sale of cigarettes or tobacco products, or any rule promulgated by the commissioner, in furtherance of this chapter.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 7. Minnesota Statutes 2014, section 297F.13, subdivision 4, is amended to read:

Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

The retailer and subjobber shall preserve a legible copy of each invoice for one year from the date of the invoice or as long as the cigarette or tobacco product listed on the invoice is available for sale or in their possession, whichever period is longer. The retailer and subjobber shall preserve copies of the invoices at each retail location or at a central location provided that the invoice must be produced and made available at a retail location within one hour when requested by the commissioner or duly authorized agents and employees. Copies should be numbered and kept in chronological order.

To determine whether the business is in compliance with the provisions of this chapter, at any time during usual business hours, the commissioner, or duly authorized agents and employees, may enter any place of business of a retailer or subjobber without a search warrant and inspect the premises, the records required to be kept under this chapter, and the packages of cigarettes, tobacco products, and vending devices contained on the premises.

EFFECTIVE DATE. This section is effective for sales and purchases by subjobbers and retailers made on or after August 1, 2015.

Sec. 8. **[297F.186] REVOCATION OF CIGARETTE AND TOBACCO RETAIL LICENSE.**

Subdivision 1. **Cigarette and tobacco retail revocation.** (a) A licensing authority must not issue, transfer, or renew, and must revoke, a license if the commissioner has notified the licensing authority that the license holder or applicant has been in possession of contraband cigarettes or tobacco products as defined under section 297F.21 at the location covered by the license.

(b) Within ten days after receipt of the notification from the commissioner under paragraph (a), the licensing authority must notify the license holder by mail of the revocation of the license or an applicant of a denial license issuance. The notice must include a copy of the commissioner's

notice to the licensing authority and information, in the form specified by the commissioner, on the licensee's option for receiving a license clearance from the commissioner. The licensing authority must revoke the license within 30 days after receiving the notice from the commissioner, unless it receives a license clearance from the commissioner as provided in subdivision 2, paragraph (b).

(c) For purposes of this section, the following terms have the meanings given.

(1) "License holder" means an individual or legal entity who has a license to sell cigarettes or tobacco products issued under chapter 461.

(2) "License" means a license to sell cigarettes or tobacco products under chapter 461.

(3) "Licensing authority" means a town board, county board, governing body of a home rule charter or statutory city, or state agricultural society authorized to issue licenses under chapter 461.

(4) "Applicant" is any individual, corporation, partnership, or any other legal entity that is a holder of a license or that has filed an application to obtain a license.

(5) "Responsible person" means any individual who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing tax returns or reports, paying taxes, or collecting or withholding and remitting taxes to the commissioner for a license holder, or who has authority to purchase cigarettes or tobacco products, or supervises a person who has authority to purchase cigarettes or tobacco products for the license holder.

Subd. 2. **New licenses after revocation.** (a) An applicant who has had a license revoked under this section, or an applicant with a responsible person who was a responsible person for another entity for which a license was revoked under this section, may not apply for a license or seek the reinstatement of a revoked license unless the applicant presents to the licensing authority a license clearance issued by the commissioner. A licensing authority must not issue a new license to an applicant with such a responsible person or to an applicant who has had a license revoked under this section or reinstate a revoked license unless the applicant presents to the authority a license clearance issued by the commissioner.

(b) Except as provided in paragraph (f), the commissioner may issue a license clearance if the applicant and all responsible persons of the applicant:

(1) sign an agreement that acknowledges that the applicant and the responsible person will follow all laws related to the taxation of cigarettes and tobacco products, including the requirements to:

(i) purchase all cigarettes and tobacco products from distributors and subjobbers licensed by the commissioner;

(ii) maintain invoices of all cigarettes or tobacco products purchased as required under section 297F.13, subdivision 4, and produce those invoices within one hour when requested by the commissioner or duly authorized agents and employees; and

(iii) timely file and pay to the commissioner all returns and all sales taxes related to the sale of tobacco products; and

(2) deposit with the commissioner security or a surety bond in an amount equal to ten times the amount of tax on the contraband cigarettes or tobacco products. The commissioner must hold the security deposit for two years.

(c) The commissioner must pay interest on any money deposited as security. The interest is calculated from the date of deposit to the date of refund, or date of application to any outstanding tax liability, at a rate specified in section 270C.405. The commissioner must refund the security deposit to the applicant at the end of the two-year period unless the applicant has any unpaid tax liabilities payable to the commissioner. The commissioner may apply the security deposit to unpaid tax liabilities of the applicant owed to the commissioner and to the tax on contraband cigarettes or tobacco products owned, possessed, sold, or offered for sale by the applicant after the license clearance has been issued.

(d) The commissioner may refund the security deposit before the end of the two-year holding period if the license holder no longer has a license to sell cigarettes or tobacco products issued by a licensing authority in the state.

(e) If the commissioner determines that a licensing authority has issued a new license or reinstated a revoked license without the applicant submitting a license clearance, the commissioner may notify the licensing authority to revoke the license. Revocations under this subdivision are controlled by the provisions of subdivisions 1, paragraph (b), and 3. The commissioner must send notice of intent to require revocation to the license holder and to the responsible person of the license holder.

(f) If an applicant has had, or if a person has been a responsible person to, a cumulative number of two or more licenses revoked under this subdivision in a five-year period by licensing authorities within the state, the commissioner may refuse to issue a license clearance until 24 months have elapsed after the last revocation and the applicant has satisfied the conditions for reinstatement of a revoked license or issuance of a new license imposed by this subdivision.

Subd. 3. **Notice and hearing.** (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the license holder and to any known responsible person of the license holder of the commissioner's intent to require revocation of the license and of the license holder's or responsible person's right to a hearing. If the license holder or responsible person requests a hearing in writing within 30 days of the date of the notice, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the license holder or responsible person must be served in writing specifying the time and place of the hearing and the allegations against the license holder or responsible person. The notice may be served at least 20 days before the hearing personally or by mail. A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the license holder requesting a hearing, or, if a hearing is timely requested, upon adverse final determination of the case after the hearing under section 14.62, subdivision 1.

(b) The commissioner may notify a licensing authority under subdivision 1 only after the requirements of paragraph (a) have been satisfied.

(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 9. Minnesota Statutes 2014, section 297F.19, is amended by adding a subdivision to read:

Subd. 10. **Penalty for retailers who fail to comply.** (a) A retailer who fails to produce an itemized invoice from a licensed seller within one hour of being requested by the commissioner to do so as required under section 297F.13, subdivision 4, or who offers for sale or holds in inventory cigarettes or tobacco products without a license required under chapter 461 is subject to a penalty of \$1,000 for the first violation, \$3,000 for the second violation, and \$5,000 for the third and each subsequent violation occurring during any 36-month period.

(b) A retailer who offers for sale or holds in inventory untaxed cigarettes or tobacco products is subject to a penalty equal to the greater of \$2,000, or 150 percent of the tax due on the cigarettes or tobacco products.

EFFECTIVE DATE. This section is effective for violations occurring on or after August 1, 2015.

Sec. 10. Minnesota Statutes 2014, section 297F.20, is amended by adding a subdivision to read:

Subd. 2a. **Penalties for willful failure to file or pay.** (a) A person or consumer required to file a return, report, or other document with the commissioner who willfully attempts in any manner to evade or defeat a tax under this chapter by failing to do so when required is guilty of a felony.

(b) A person or consumer required to pay or to collect and remit a tax under this chapter, who willfully attempts to evade or defeat a tax by failing to do so when required, is guilty of a felony.

EFFECTIVE DATE. This section is effective for offenses committed on or after August 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 297F.20, is amended by adding a subdivision to read:

Subd. 13. **Aggregation and consolidation of venue.** In any prosecution under this section, the number of unstamped cigarettes or the value of the untaxed tobacco products possessed, received, transported, sold, offered to be sold, or purchased in violation of this section within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same individual in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed.

EFFECTIVE DATE. This section is effective for offenses committed on or after August 1, 2015.

Sec. 12. Minnesota Statutes 2014, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. **Contraband defined.** The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which packages as defined in item (i) are found, including all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by this chapter, it shall be presumed that all packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner, or of a person operating with the consent of the owner, for the storage or transportation of untaxed tobacco products intended for sale in Minnesota other than those in the possession of a licensed distributor on or before the due date for payment of the tax under section 297F.09, subdivision 2.

(g) Cigarette packages or tobacco products obtained from an unlicensed seller.

(h) Cigarette packages offered for sale or held as inventory in violation of section 297F.20, subdivision 7.

(i) Tobacco products on which the tax has not been paid by a licensed distributor.

(j) Any cigarette packages or tobacco products offered for sale or held as inventory for which there is not an invoice from a licensed seller the retailer or subjobber does not produce an itemized invoice from a licensed seller within one hour after being requested by the commissioner to do so as required under section 297F.13, subdivision 4.

(k) Cigarette packages which have been imported into the United States in violation of United States Code, title 26, section 5754. All cigarettes held in violation of that section shall be presumed to have entered the United States after December 31, 1999, in the absence of proof to the contrary.

(l) Cigarettes subject to forfeiture under section 299F.854, subdivision 5, and cigarette packaging and markings, including the cigarettes contained therein, which do not meet the requirements under section 299F.853, paragraph (a).

(m) All cigarettes and tobacco products, including those for which the tax has been paid, offered for sale or held as inventory by a retailer operating without a license required under chapter 461.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 13. Minnesota Statutes 2014, section 461.12, subdivision 8, is amended to read:

Subd. 8. **Notice to commissioner.** The licensing authority under this section shall, within 30 days of the issuance or renewal of a license, inform provide the commissioner of revenue of, on a form prescribed by the commissioner and completed by the applicant, the licensee's name, address, trade name, Minnesota business identification number, the name of the individual or individuals who will be responsible for purchasing cigarettes or tobacco products for the licensee, and the effective

and expiration dates of the license. The commissioner of revenue must also be informed of a license ~~renewal~~, transfer, cancellation, suspension, or revocation during the license period.

EFFECTIVE DATE. This section is effective for licenses issued, renewed, transferred, canceled, suspended, or revoked after December 31, 2015.

Sec. 14. **REPEALER.**

Minnesota Statutes 2014, section 297F.185, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2015."

Delete the title and insert:

"A bill for an act relating to the operation of state government; providing appropriations for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, retirement funds, military affairs and veterans affairs, and senate building; making a transfer to the budget reserve; cancellation of certain appropriations; transferring money to the budget reserve; allowing prepay for certain software and information technology hosting services; providing reimbursement for reasonable accommodation; modifying grant agreement provisions; making changes to guaranteed energy-savings program, small business requirements, and targeted group businesses; changing certain requirements for the practice of cosmetology; assessing certain costs for Office of Administrative Hearings; changing a rehabilitation or renovation grant from the Minnesota Amateur Sports Commission; changing or establishing certain fees; modifying certain filing requirements for corporations; modifying provisions for accountants; modifying debt service provision for the legislative parking garage; requiring the same room numbers on signage in the Capitol to identify legacy rooms; providing in-lieu of rent evaluation; making changes to provisions for military and veterans affairs; changing provisions covering pari-mutuel horse racing; modifying provisions for cigarette and tobacco license; providing civil penalties; requiring reports; amending Minnesota Statutes 2014, sections 3.8843, subdivision 5; 16A.065; 16B.97, subdivision 1; 16B.98, subdivisions 1, 11; 16C.144; 16C.16, subdivision 2, by adding a subdivision; 16C.19; 155A.21; 155A.23, subdivision 8, by adding subdivisions; 155A.24, subdivision 2; 155A.25, subdivisions 1a, 5, by adding subdivisions; 155A.27, subdivisions 1, 2, 5a; 155A.271; 155A.29, subdivisions 1, 2, by adding a subdivision; 155A.30, subdivisions 5, 10; 161.1419, subdivision 8; 190.16, by adding a subdivision; 190.19, subdivisions 2a, 3; 192.26, by adding a subdivision; 192.38, subdivision 1; 192.501, by adding a subdivision; 197.133; 198.03, subdivisions 2, 3; 211B.37; 240.01, subdivision 22, by adding subdivisions; 240.011; 240.03; 240.08, subdivisions 2, 4, 5; 240.10; 240.13, subdivisions 5, 6; 240.135; 240.15, subdivisions 1, 6; 240.16, subdivision 1; 240.22; 240.23; 240A.09; 270C.722, subdivision 1; 270C.728, by adding a subdivision; 272.484; 297F.01, subdivision 14; 297F.03, subdivisions 5, 6; 297F.04, subdivision 1; 297F.13, subdivision 4; 297F.19, by adding a subdivision; 297F.20, by adding subdivisions; 297F.21, subdivision 1; 303.19; 304A.301, subdivisions 1, 5, 6, by adding a subdivision; 326A.01, subdivisions 2, 12, 13a, 15, 16; 326A.02, subdivisions 3, 5; 326A.05, subdivisions 1, 3; 326A.08, subdivision 7; 326A.10; 336A.09, subdivision 1; 364.09; 461.12, subdivision 8; Laws 2013, chapter 142, article 1, section 10; Laws 2014, chapter 287, section 25; proposing coding for new law in Minnesota Statutes, chapters 3; 16B; 297F; repealing Minnesota Statutes 2014, sections 155A.23, subdivision 6; 197.131; 197.132; 240.01, subdivisions 12, 23; 297F.185."

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

SECOND READING OF SENATE BILLS

S.F. No. 888 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 283 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Jensen moved that S.F. No. 26, No. 41 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Jensen moved that S.F. No. 957, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

MEMBERS EXCUSED

Senators Chamberlain and Fischbach were excused from the Session of today. Senators Goodwin and Sheran were excused from the Session of today at 12:15 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Friday, April 17, 2015. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

