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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **1383**

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The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform,
Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; extending Fairmont Police Relief Association amortization
1.3 target date from 2010 to 2020; amending Minnesota Statutes 2008, section
1.4 69.77, subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2008, section 69.77, subdivision 4, is amended to read:

1.7 Subd. 4. **Relief association financial requirements; minimum municipal**

1.8 **obligation.** (a) The officers of the relief association shall determine the financial
1.9 requirements of the relief association and minimum obligation of the municipality for
1.10 the following calendar year in accordance with the requirements of this subdivision.

1.11 The financial requirements of the relief association and the minimum obligation of the
1.12 municipality must be determined on or before the submission date established by the
1.13 municipality under subdivision 5.

1.14 (b) The financial requirements of the relief association for the following calendar
1.15 year must be based on the most recent actuarial valuation or survey of the special fund of
1.16 the association if more than one fund is maintained by the association, or of the association,
1.17 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
1.18 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
1.19 by the actuary of the relief association as part of obtaining a modification of the benefit
1.20 plan of the relief association and the modification is implemented, the actuarial estimate
1.21 must be used in calculating the subsequent financial requirements of the relief association.

1.22 (c) If the relief association has an unfunded actuarial accrued liability as reported in
1.23 the most recent actuarial valuation or survey, the total of the amounts calculated under
1.24 clauses (1), (2), and (3), constitute the financial requirements of the relief association for

2.1 the following year. If the relief association does not have an unfunded actuarial accrued
 2.2 liability as reported in the most recent actuarial valuation or survey, the amount calculated
 2.3 under clauses (1) and (2) constitute the financial requirements of the relief association for
 2.4 the following year. The financial requirement elements are:

2.5 (1) the normal level cost requirement for the following year, expressed as a dollar
 2.6 amount, which must be determined by applying the normal level cost of the relief
 2.7 association as reported in the actuarial valuation or survey and expressed as a percentage
 2.8 of covered payroll to the estimated covered payroll of the active membership of the relief
 2.9 association, including any projected change in the active membership, for the following
 2.10 year;

2.11 (2) for the Bloomington Fire Department Relief Association, the Fairmont Police
 2.12 Relief Association, and the Virginia Fire Department Relief Association, to the dollar
 2.13 amount of normal cost determined under clause (1) must be added an amount equal to the
 2.14 dollar amount of the administrative expenses of the special fund of the association if more
 2.15 than one fund is maintained by the association, or of the association if only one fund is
 2.16 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
 2.17 expenses are those authorized under section 69.80. No amount of administrative expenses
 2.18 under this clause are to be included in the financial requirements of the Minneapolis
 2.19 Firefighters Relief Association or the Minneapolis Police Relief Association; and

2.20 (3) to the dollar amount of normal cost and expenses determined under clauses
 2.21 (1) and (2) must be added an amount equal to the level annual dollar amount which is
 2.22 sufficient to amortize the unfunded actuarial accrued liability ~~by December 31, 2010, the~~
 2.23 ~~Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association,~~
 2.24 ~~and the Virginia Fire Department Relief Association, by the date determined under~~
 2.25 ~~section 356.216, paragraph (a), clause (2), for the Bloomington Fire Department Relief~~
 2.26 ~~Association, and by December 31, 2020, for the Minneapolis Police Relief Association, as~~
 2.27 ~~determined from the actuarial valuation or survey of the fund, using an interest assumption~~
 2.28 ~~set at the applicable rate specified in section 356.215, subdivision 8. The, by that~~
 2.29 ~~fund's amortization date as specified in this clause applies to all local police or salaried~~
 2.30 ~~firefighters' relief associations and that date supersedes any amortization date specified in~~
 2.31 ~~any applicable special law paragraph (d).~~

2.32 (d) The Minneapolis Firefighters Relief Association special fund and the Virginia
 2.33 Fire Department Relief Association special fund amortization date is December 31, 2010.
 2.34 The Minneapolis Police Relief Association special fund and the Fairmont Police Relief
 2.35 Association special fund amortization date is December 31, 2020. The Bloomington Fire
 2.36 Department Relief Association special fund amortization date is determined under section

3.1 356.216, paragraph (a), clause (2). The amortization date specified in this paragraph
 3.2 supersedes any amortization date specified in any applicable special law.

3.3 ~~(d)~~ (e) The minimum obligation of the municipality is an amount equal to the
 3.4 financial requirements of the relief association reduced by the estimated amount of
 3.5 member contributions from covered salary anticipated for the following calendar year and
 3.6 the estimated amounts anticipated for the following calendar year from the applicable
 3.7 state aid program established under sections 69.011 to 69.051 receivable by the relief
 3.8 association after any allocation made under section 69.031, subdivision 5, paragraph (b),
 3.9 clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police
 3.10 and salaried firefighters' relief association amortization aid program established under
 3.11 section 423A.02, subdivision 1, from the supplementary amortization state-aid program
 3.12 established under section 423A.02, subdivision 1a, and from the additional amortization
 3.13 state aid under section 423A.02, subdivision 1b.

3.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
 3.15 and applies to municipal contributions made on or after that date.