

1.1 A bill for an act

1.2 relating to labor standards; making changes to Minnesota statewide and major

1.3 local public employee retirement plans; increasing contribution rates; adjusting

1.4 benefits and contributions; requiring a study on postretirement adjustments;

1.5 modifying executive director credentials; modifying annual benefit limitations for

1.6 federal tax code compliance; authorizing use of IRS correction procedures;

1.7 modifying actuarial assumptions; authorizing the transfer of assets and members

1.8 from the voluntary statewide volunteer firefighter retirement plan to a volunteer

1.9 firefighter relief association; adopting recommendations of the Volunteer Firefighter

1.10 Relief Association Working Group; making changes to volunteer firefighter relief

1.11 pensions; establishing a fire state aid work group; modifying various Department

1.12 of Human Services and Department of Corrections employment classifications

1.13 eligible for correctional retirement coverage; modifying public safety officer death

1.14 benefits; authorizing certain service credit purchases, transfers, and elections;

1.15 increasing maximum employer contribution to a supplemental laborers pension

1.16 fund; authorizing certain additional sources of retirement plan funding; ratifying

1.17 certain collective bargaining agreements; providing uniformity for employment

1.18 mandates on private employers; making technical and conforming changes;

1.19 providing for wage theft prevention; appropriating money; amending Minnesota

1.20 Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14,

1.21 subdivision 2a; 181.03, subdivision 1; 352.01, subdivisions 2a, 13a; 352.017,

1.22 subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113,

1.23 subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding

1.24 subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision;

1.25 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3;

1.26 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a

1.27 subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions

1.28 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.06, subdivision 1;

1.29 352D.085, subdivision 1; 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions

1.30 1, 2, by adding a subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012;

1.31 353.0162; 353.03, subdivision 3; 353.27, subdivisions 3c, 7a, 12, 12a, 12b; 353.28,

1.32 subdivision 5; 353.29, subdivisions 4, 7; 353.30, subdivision 3c; 353.32,

1.33 subdivisions 1, 4; 353.34, subdivision 2; 353.35, subdivision 1; 353.37, subdivision

1.34 1; 353.64, subdivision 10; 353.65, subdivisions 2, 3, by adding a subdivision;

1.35 353F.02, subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05;

1.36 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision;

1.37 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11,

1.38 subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions

1.39 2, 2a; 354.095; 354.436, subdivision 3; 354.44, subdivisions 3, 9; 354.45, by adding

2.1 a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.50, subdivision
 2.2 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision
 2.3 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivision 1; 354A.011,
 2.4 subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.12,
 2.5 subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31, subdivisions
 2.6 3, 7; 354A.34; 354A.35, subdivision 2; 354A.37, subdivisions 2, 3; 354A.38;
 2.7 356.195, subdivision 2; 356.215, subdivisions 8, 9, 11; 356.24, subdivision 1;
 2.8 356.30, subdivision 1; 356.32, subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c,
 2.9 1d, 1e, 1f, by adding a subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50,
 2.10 subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding
 2.11 subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06,
 2.12 subdivision 7; 423A.02, subdivisions 3, 5; 424A.001, subdivisions 2, 3, 10, by
 2.13 adding a subdivision; 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by
 2.14 adding subdivisions; 424A.015, subdivision 1, by adding a subdivision; 424A.016,
 2.15 subdivision 2; 424A.02, subdivisions 1, 3, 3a, 7; 424A.04, subdivision 1; 424A.07;
 2.16 424A.091, subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1;
 2.17 424B.20, subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.124,
 2.18 subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 181;
 2.19 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12;
 2.20 352.04, subdivision 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision
 2.21 3b; 353.34, subdivision 6; 353.71, subdivision 1; 354.42, subdivisions 4a, 4b, 4c,
 2.22 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611,
 2.23 subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13.

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

2.25 **ARTICLE 1**

2.26 **MINNESOTA STATE RETIREMENT SYSTEM BENEFIT AND CONTRIBUTION**
 2.27 **CHANGES**

2.28 Section 1. Minnesota Statutes 2016, section 3A.02, subdivision 4, is amended to read:

2.29 Subd. 4. **Deferred annuities augmentation.** ~~(a) The deferred retirement allowance of~~
 2.30 any former legislator must be computed as provided in subdivision 1 on the basis of allowable
 2.31 service and augmented as provided herein. ~~(b) The required reserves applicable to the deferred~~
 2.32 ~~retirement allowance, determined as of the date the benefit begins to accrue using an~~
 2.33 ~~appropriate mortality table and an interest assumption of six percent, must be augmented~~
 2.34 by interest compounded annually from the first of the month following the termination of
 2.35 active service, or July 1, 1973, whichever is later, to the first day of the month in which the
 2.36 allowance begins to accrue effective date of retirement, at the following annually
 2.37 compounded rate or rates:

2.38 (1) five percent until January 1, 1981;

2.39 (2) three percent from January 1, 1981, or from the first day of the month following the
 2.40 termination of active service, whichever is later, until January 1 of the year in which the
 2.41 former legislator attains age 55 or until January 1, 2012, whichever is earlier;

3.1 (3) five percent from the period end date under clause (2) until the effective date of
3.2 retirement or until January 1, 2012, whichever is earlier; ~~and~~

3.3 (4) two percent ~~after December 31, 2011.~~ from January 1, 2012, until December 31,
3.4 2017; and

3.5 (5) after December 31, 2017, the deferred annuity must not be augmented.

3.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.7 Sec. 2. Minnesota Statutes 2016, section 352.116, subdivision 1a, is amended to read:

3.8 Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a
3.9 person who has become at least 55 years old and first became a covered employee after
3.10 June 30, 1989, and to any other covered employee who has become at least 55 years old
3.11 and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph
3.12 (b), in conjunction with this subdivision than when calculated under section 352.115,
3.13 subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who
3.14 retires before the normal retirement age shall be paid the normal retirement annuity provided
3.15 in section 352.115, subdivisions 2 and 3, paragraph (b), reduced ~~so that~~ as described in
3.16 clause (1) or (2), as applicable.

3.17 (1) For covered employees who retire on or after July 1, 2018, the reduced annuity is
3.18 the actuarial equivalent of the annuity that would be payable to the employee if the employee
3.19 deferred receipt of the annuity until normal retirement age and the annuity amount were
3.20 augmented at an the applicable annual rate of ~~three percent~~, compounded annually, from
3.21 the day the annuity begins to accrue until the normal retirement age. The applicable annual
3.22 rate is the rate in effect on the employee's effective date of retirement and shall be considered
3.23 as fixed for the employee for the period until the employee reaches normal retirement age.
3.24 The applicable annual rates are the following:

3.25 (i) until June 30, 2018, three percent if the employee became an employee before July
3.26 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

3.27 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
3.28 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
3.29 five-year period; and

3.30 (iii) after June 30, 2023, zero percent.

4.1 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced annuity
 4.2 commencing before normal retirement age under this clause, shall not take into account any
 4.3 augmentation.

4.4 (2) For covered employees who retire before July 1, 2018, the reduced annuity is the
 4.5 actuarial equivalent of the annuity that would be payable to the employee if the employee
 4.6 deferred receipt of the annuity until normal retirement age and the annuity amount were
 4.7 augmented at an annual rate of three percent, compounded annually, from the day the annuity
 4.8 begins to accrue until normal retirement age if the employee became an employee before
 4.9 July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the
 4.10 annuity begins to accrue until the normal retirement age if the employee initially becomes
 4.11 became an employee after June 30, 2006.

4.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

4.13 Sec. 3. Minnesota Statutes 2016, section 352.22, subdivision 2, is amended to read:

4.14 Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable
 4.15 to a person who ceased to be a state employee by reason of a termination of state service is
 4.16 an amount equal to employee accumulated contributions plus interest until the date on which
 4.17 the refund is paid, at the rate of following rates for the applicable period:

4.18 (a) six percent per year compounded daily from the date that the contribution was made
 4.19 until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and
 4.20 at the rate of;

4.21 (b) four percent per year compounded daily from the date that the contribution was made
 4.22 or from July 1, 2011, whichever is later, until the date on which the refund is paid. until
 4.23 June 30, 2017; and

4.24 (c) three percent per year compounded daily from the date that the contribution was
 4.25 made or July 1, 2017, whichever is later.

4.26 Included with the refund is any interest paid as part of repayment of a past refund, plus
 4.27 interest thereon from the date of repayment.

4.28 Sec. 4. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to
 4.29 read:

4.30 Subd. 2b. Refund repayment. Any person who has received a refund from the state
 4.31 employees retirement plan, and who is a member of any of the retirement plans specified
 4.32 in section 356.311, paragraph (b), may repay the refund with interest to the state employees

5.1 retirement plan. If a refund is repaid to the plan and more than one refund has been received
5.2 from the plan, all refunds must be repaid. Repayment must be made as provided in section
5.3 352.23, and under terms and conditions consistent with that section as agreed upon with
5.4 the director.

5.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.6 Sec. 5. Minnesota Statutes 2016, section 352.22, subdivision 3, is amended to read:

5.7 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of allowable
5.8 service if employed before July 1, 2010, or who has at least five years of allowable service
5.9 if employed after June 30, 2010, when termination occurs may elect to leave the accumulated
5.10 contributions in the fund and thereby be entitled to a deferred retirement annuity. The annuity
5.11 must be computed under the law in effect when state service terminated, on the basis of the
5.12 allowable service credited to the person before the termination of service.

5.13 (b) An employee on layoff or on leave of absence without pay, except a leave of absence
5.14 for health reasons, and who does not return to state service must have an annuity, deferred
5.15 annuity, or other benefit to which the employee may become entitled computed under the
5.16 law in effect on the employee's last working day.

5.17 (c) No application for a deferred annuity may be made more than 60 days before the
5.18 time the former employee reaches the required age for entitlement to the payment of the
5.19 annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the
5.20 application is filed in the office of the system, but not (1) before the date on which the
5.21 employee reaches the required age for entitlement to the annuity nor (2) before the day
5.22 following the termination of state service in a position which is not covered by the retirement
5.23 system.

5.24 (d) Application for the accumulated contributions left on deposit with the fund may be
5.25 made at any time following the date of the termination of service.

5.26 (e) Deferred annuities must be augmented as provided in ~~section 352.72, subdivision 2~~
5.27 subdivision 3a.

5.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.29 Sec. 6. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to
5.30 read:

5.31 Subd. 3a. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing
5.32 under subdivision 3, on the basis of allowable service before termination of state service

6.1 and augmented by interest compounded annually from the first day of the month following
 6.2 the month in which the employee ceased to be a state employee, or July 1, 1971, whichever
 6.3 is later, to the effective date of retirement.

6.4 (b) For a person who became a state employee before July 1, 2006, the annuity must be
 6.5 augmented at the following rate or rates:

6.6 (1) five percent until January 1, 1981;

6.7 (2) three percent thereafter until January 1 of the year following the year in which the
 6.8 former employee attains age 55 or until January 1, 2012, whichever is earlier;

6.9 (3) five percent from the January 1 next following the attainment of age 55 until
 6.10 December 31, 2011;

6.11 (4) two percent from January 1, 2012, until December 31, 2017; and

6.12 (5) after December 31, 2017, the deferred annuity must not be augmented.

6.13 (c) For a person who became a state employee after June 30, 2006, the annuity must be
 6.14 augmented at the following rate or rates:

6.15 (1) 2.5 percent until December 31, 2011;

6.16 (2) two percent from January 1, 2012, until December 31, 2017; and

6.17 (3) after December 31, 2017, the deferred annuity must not be augmented.

6.18 (d) The retirement annuity or disability benefit of, or the survivor benefit payable on
 6.19 behalf of, a former state employee who terminated service before July 1, 1997, which is not
 6.20 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis
 6.21 to reflect the change in the postretirement interest rate actuarial assumption under section
 6.22 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
 6.23 the tables adopted by the board and approved by the actuary retained under section 356.214.

6.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

6.25 Sec. 7. Minnesota Statutes 2016, section 352B.08, is amended by adding a subdivision to
 6.26 read:

6.27 **Subd. 2b. Computation of deferred annuity.** (a) Deferred annuities must be computed
 6.28 according to this chapter on the basis of allowable service before termination of service and
 6.29 augmented by interest compounded annually from the first day of the month following the
 6.30 month in which the member terminated service, or July 1, 1971, whichever is later, to the
 6.31 effective date of retirement.

7.1 (b) For a person who became an employee before July 1, 2006, the annuity must be
 7.2 augmented at the following rate or rates:

7.3 (1) five percent until January 1, 1981;

7.4 (2) three percent from January 1, 1981, until December 31, 2011;

7.5 (3) two percent from January 1, 2012, until December 31, 2017; and

7.6 (4) after December 31, 2017, the deferred annuity must not be augmented.

7.7 (c) For a person who became an employee after June 30, 2006, the annuity must be
 7.8 augmented as follows:

7.9 (1) 2.5 percent until December 31, 2011;

7.10 (2) two percent from January 1, 2012, until December 31, 2017; and

7.11 (3) after December 31, 2017, the deferred annuity must not be augmented.

7.12 (d) The mortality table and interest assumption used to compute the annuity must be
 7.13 those in effect when the member files application for annuity.

7.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.15 Sec. 8. Minnesota Statutes 2016, section 352D.085, subdivision 1, is amended to read:

7.16 Subdivision 1. **Combined service.** Except as provided in section 356.30, 356.302, or
 7.17 356.303, service under the unclassified program for which the employee has been credited
 7.18 with employee shares may be used for the limited purpose of qualifying for benefits under
 7.19 sections 352.115, ~~352.72, subdivision 1,~~ 352.113, 354.44, 354.45, 354.48, and ~~354.60~~
 7.20 356.311. The service also may not be used to qualify for a disability benefit under section
 7.21 352.113 or 354.48 if a participant was under the unclassified program at the time of the
 7.22 disability. Also, the years of service and salary paid while the participant was in the
 7.23 unclassified program may not be used in determining the amount of benefits.

7.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.25 Sec. 9. Minnesota Statutes 2016, section 490.121, subdivision 25, is amended to read:

7.26 Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership
 7.27 specified by section 490.1221, paragraph (b), and governed by sections 356.415, ~~subdivisions~~
 7.28 ~~1 and subdivision~~ 1f; and 490.121 to 490.133, except as modified in sections 490.121,
 7.29 subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and
 7.30 490.124, subdivision 1, paragraphs (c) and (d).

8.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.2 Sec. 10. Minnesota Statutes 2016, section 490.121, subdivision 26, is amended to read:

8.3 Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a
 8.4 membership specified by section 490.1221, paragraph (c), and governed by sections 356.415,
 8.5 ~~subdivisions 1 and~~ subdivision 1f; 490.121 to 490.133, as modified in section 490.121,
 8.6 subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and
 8.7 490.124, subdivision 1, paragraphs (c) and (d).

8.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.9 Sec. 11. **REPEALER.**

8.10 Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; and 352B.30, are repealed.

8.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.12 **ARTICLE 2**

8.13 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION CHANGES**

8.14 Section 1. **PERA BOARD OF TRUSTEES; REFORM PROPOSAL REQUIREMENT.**

8.15 The board of trustees of the Public Employees Retirement Association shall present to
 8.16 the Legislative Commission on Pensions and Retirement, no later than January 15, 2018, a
 8.17 package of benefit and sustainability reforms for the general employees retirement plan
 8.18 consisting of reforms that are similar to the changes made to the other statewide retirement
 8.19 plans during the 2017 legislative session and any other related reforms that improve the
 8.20 projected funded ratio of the plan. The package of reforms must be accompanied by the
 8.21 opinion of the plan's approved actuary under Minnesota Statutes, section 356.215, subdivision
 8.22 1, paragraph (c), that implementation of the reforms is projected to result in the general
 8.23 employees retirement plan attaining a ratio of market value of assets to actuarial accrued
 8.24 liabilities equal to or greater than 90 percent by the end of the amortization period under
 8.25 Minnesota Statutes, section 356.215, subdivision 11, in effect as of July 1, 2017. For purposes
 8.26 of determining the initial funding ratio, the beginning asset value as of July 1, 2017, shall
 8.27 be the market value of assets expected to occur if the assumed investment return for fiscal
 8.28 year 2017 is met. Subsequent funding ratios should be based on the actuarial accrued liability
 8.29 determined as of July 1, 2017, and subsequent projected assets and liabilities based on
 8.30 approved 2017 valuation assumptions. The package of reforms shall be presented for

9.1 consideration by the Legislative Commission on Pensions and Retirement and passage by
 9.2 the legislature during the 2018 legislative session.

9.3 Sec. 2. **REPEALER.**

9.4 Minnesota Statutes 2016, sections 353.27, subdivision 3b; and 353.71, subdivision 1,
 9.5 are repealed.

9.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

9.7 **ARTICLE 3**

9.8 **TEACHERS RETIREMENT ASSOCIATION**

9.9 Section 1. Minnesota Statutes 2016, section 354.436, subdivision 3, is amended to read:

9.10 Subd. 3. **Aid expiration.** The aid amounts specified in this section terminate and this
 9.11 section expires on the October 1 next following ~~the later of the following dates: (1) when~~
 9.12 the date on which the current assets of the Teachers Retirement Association fund equal or
 9.13 exceed the actuarial accrued liabilities of the fund as determined in the most recent actuarial
 9.14 valuation report for the Teachers Retirement Association fund by the actuary retained under
 9.15 section 356.214; ~~or (2) when the member and employer contribution rates are first determined~~
 9.16 ~~to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d.~~

9.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

9.18 Sec. 2. **REPEALER.**

9.19 Minnesota Statutes 2016, sections 354.42, subdivisions 4a, 4b, 4c, and 4d; and 354.60,
 9.20 are repealed.

9.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

9.22 **ARTICLE 4**

9.23 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION BENEFIT AND** 9.24 **CONTRIBUTION CHANGES**

9.25 Section 1. Minnesota Statutes 2016, section 354A.011, subdivision 3a, is amended to read:

9.26 Subd. 3a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one
 9.27 annuity or benefit having an equal actuarial present value as another annuity or benefit,
 9.28 determined as of a given date with each actuarial present value based on the appropriate
 9.29 mortality table adopted by the appropriate board of trustees based on the experience of that
 9.30 retirement fund association as recommended by the actuary retained under section 356.214,

10.1 and approved under section 356.215, subdivision 18, and using the applicable ~~preretirement~~
 10.2 ~~or postretirement interest rate~~ investment return assumption specified in section 356.215,
 10.3 subdivision 8.

10.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

10.5 Sec. 2. Minnesota Statutes 2016, section 354A.29, subdivision 7, is amended to read:

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

10.10 ~~(b) On January 1~~ (a) Except as set forth in paragraph (c), each person who has been
 10.11 receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter,
 10.12 whose effective date of benefit commencement occurred on or before July 1 of the calendar
 10.13 year immediately before the adjustment, is eligible to receive a an annual postretirement
 10.14 ~~increase as specified in subdivision 8 or 9.~~ adjustment, effective as of each January 1, as
 10.15 follows:

10.16 (1) there shall be no postretirement adjustment on January 1, 2018, and January 1, 2019;
 10.17 and

10.18 (2) the postretirement adjustment shall be one percent on January 1, 2020, and each
 10.19 January 1 thereafter.

10.20 (b) The amount determined under paragraph (a), clause (2), is the full postretirement
 10.21 adjustment to be applied as a permanent increase to the regular payment of each eligible
 10.22 member on January 1 of the next calendar year. For any eligible member whose effective
 10.23 date of benefit commencement occurred after January 1 of the calendar year immediately
 10.24 before the postretirement adjustment is applied, the amount determined under paragraph
 10.25 (a), clause (2), must be reduced by 50 percent.

10.26 (c) Each person who retires on or after January 1, 2023, is entitled to an annual
 10.27 postretirement adjustment, effective as of each January 1, beginning with the year following
 10.28 the year in which the member attains normal retirement age.

10.29 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
 10.30 subdivision 6, paragraph (b).

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

11.1 Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 7, is amended to read:

11.2 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who
11.3 has become at least 55 years old and first becomes a coordinated member after June 30,
11.4 1989, and to any other coordinated member who has become at least 55 years old and whose
11.5 annuity is higher when calculated using the retirement annuity formula percentage in
11.6 subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable, in conjunction
11.7 with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision
11.8 4a, paragraph (c), in conjunction with subdivision 6. An employee who retires under the
11.9 formula annuity before the normal retirement age shall be paid the normal annuity reduced
11.10 as described in paragraph (b) if the person retires on or after July 1, 2018, or in paragraph
11.11 (c) if the person retires before July 1, 2018, as applicable.

11.12 (b) A coordinated member who retires before the normal retirement age and on or after
11.13 July 1, 2018, is entitled to receive a retirement annuity calculated using the retirement
11.14 annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph
11.15 (d), whichever applies, reduced as described in clause (1) or (2), as applicable.

11.16 (1) If the member retires when the member is younger than age 62 or with fewer than
11.17 30 years of service, the annuity must be reduced by an early reduction factor for each year
11.18 that the member's age of retirement precedes normal retirement age. The early reduction
11.19 factors are four percent per year for ages 55 through 59 and seven percent per year for ages
11.20 60 through normal retirement age. The resulting annuity must be further adjusted to take
11.21 into account augmentation as if the employee had deferred receipt of the annuity until normal
11.22 retirement age and the annuity were augmented at the applicable annual rate, compounded
11.23 annually, from the day the annuity begins to accrue until normal retirement age. The
11.24 applicable annual rate is the rate in effect on the employee's effective date of retirement and
11.25 shall be considered as fixed for the employee. The applicable annual rates are the following:

11.26 (i) until June 30, 2018, 2.5 percent;

11.27 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
11.28 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
11.29 five-year period; and

11.30 (iii) after June 30, 2023, zero percent.

11.31 After June 30, 2023, the reduced annuity commencing before normal retirement age
11.32 under this clause shall not take into account any augmentation.

12.1 (2) If the member retires when the member is at least age 62 or older and has at least 30
 12.2 years of service, the member is entitled to receive a retirement annuity calculated using the
 12.3 retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a,
 12.4 paragraph (c), whichever applies, multiplied by the applicable early retirement factor
 12.5 specified for members "Age 62 or older with 30 years of service" in the table in paragraph
 12.6 (c).

12.7 (c) A coordinated member who retires before the normal retirement age and before July
 12.8 1, 2018, is entitled to receive a retirement annuity calculated using the retirement annuity
 12.9 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),
 12.10 whichever applies, multiplied by the applicable early retirement factor specified below:

	Under age 62		Age 62 or older	
	or less than 30 years of service		with 30 years of service	
Normal retirement age:	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

12.27 For normal retirement ages between ages 65 and 66, the early retirement factors must
 12.28 be determined by linear interpolation between the early retirement factors applicable for
 12.29 normal retirement ages 65 and 66.

12.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.31 Sec. 4. Minnesota Statutes 2016, section 354A.37, subdivision 2, is amended to read:

12.32 **Subd. 2. Eligibility for deferred retirement annuity.** (a) Any coordinated member
 12.33 who ceases to render teaching services for the school district in which the teachers retirement
 12.34 fund association is located, with sufficient allowable service credit to meet the minimum

13.1 service requirements specified in section 354A.31, subdivision 1, shall be entitled to a
 13.2 deferred retirement annuity in lieu of a refund under subdivision 1.

13.3 (b) The deferred retirement annuity must be computed under section 354A.31 and shall
 13.4 be augmented as provided in this subdivision by the applicable interest rate compounded
 13.5 annually from the first day of the month following the month during which the member
 13.6 ceased to render teaching service to the effective date of retirement. There is no augmentation
 13.7 if this period is less than three months.

13.8 (c) The deferred annuity commences upon application after the person on deferred status
 13.9 attains at least the minimum age specified in section 354A.31, subdivision 1.

13.10 ~~(b) The monthly annuity amount that had accrued when the member ceased to render~~
 13.11 ~~teaching service must be augmented from the first day of the month following the month~~
 13.12 ~~during which the member ceased to render teaching service to the effective date of retirement.~~
 13.13 ~~There is no augmentation if this period is less than three months. The rate of augmentation~~
 13.14 ~~is~~

13.15 (d) For a person who became a covered employee before July 1, 2006, the annuity must
 13.16 be augmented as follows:

13.17 (1) three percent compounded annually until January 1 of the year following the year
 13.18 in which the former member attains age 55; or until June 30, 2012, whichever is earlier;

13.19 ~~(2) five percent compounded annually after that date to July 1~~ from the January 1, next
 13.20 following the attainment of age 55 or until June 30, 2012, and;

13.21 ~~(3) two percent compounded annually after that date to the effective date of retirement~~
 13.22 ~~if the employee became an employee before July 1, 2006, and at~~ from July 1, 2012, until
 13.23 June 30, 2018; and

13.24 (4) after June 30, 2018, the deferred annuity must not be augmented.

13.25 (e) For a person who became a covered employee after June 30, 2006, the annuity must
 13.26 be augmented as follows:

13.27 (1) 2.5 percent compounded annually to July 1, 2012, and until June 30, 2012;

13.28 (2) two percent compounded annually after that date to the effective date of retirement
 13.29 if the employee became an employee after June 30, 2006 from July 1, 2012, until June 30,
 13.30 2018; and

13.31 ~~. If a person has more than one period of uninterrupted service, a separate average salary~~
 13.32 ~~determined under section 354A.31 must be used for each period, and the monthly annuity~~

14.1 ~~amount related to each period must be augmented as provided in this subdivision. The sum~~
 14.2 ~~of the augmented monthly annuity amounts determines the total deferred annuity payable.~~
 14.3 ~~If a person repays a refund, the service restored by the repayment must be considered as~~
 14.4 ~~continuous with the next period of service for which the person has credit with the fund. If~~
 14.5 ~~a person does not render teaching services in any one fiscal year or more consecutive fiscal~~
 14.6 ~~years and then resumes teaching service, the formula percentages used from the date of~~
 14.7 ~~resumption of teaching service are those applicable to new members. The mortality table~~
 14.8 ~~and interest assumption used to compute the annuity are the table established by the fund~~
 14.9 ~~to compute other annuities, and the interest assumption under section 356.215 in effect~~
 14.10 ~~when the member retires. A period of uninterrupted service for the purpose of this subdivision~~
 14.11 ~~means a period of covered teaching service during which the member has not been separated~~
 14.12 ~~from active service for more than one fiscal year.~~

14.13 (3) after June 30, 2018, the deferred annuity must not be augmented.

14.14 ~~(e)~~ (f) The augmentation provided by this subdivision applies to the benefit provided in
 14.15 section 354A.35, subdivision 2.

14.16 (g) The augmentation provided by this subdivision does not apply to any period in which
 14.17 a person is on an approved leave of absence from an employer unit.

14.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

14.19 Sec. 5. Minnesota Statutes 2016, section 354A.37, subdivision 3, is amended to read:

14.20 Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies
 14.21 for a refund under subdivision 1 is entitled to receive a refund equal to the amount of the
 14.22 former coordinated member's accumulated employee contributions with interest at the ~~rate~~
 14.23 ~~of~~ following rates for the applicable period:

14.24 (a) Six percent per annum compounded annually to July 1, 2011, ~~if the person is a former~~
 14.25 ~~member of the St. Paul Teachers Retirement Fund Association, and;~~

14.26 (b) four percent per annum compounded annually to July 1, 2017; and

14.27 (c) three percent per annum compounded annually thereafter.

14.28 Sec. 6. **REPEALER.**

14.29 (a) Minnesota Statutes 2016, section 354A.29, subdivisions 8 and 9, are repealed.

14.30 (b) Minnesota Statutes 2016, section 354A.39, is repealed.

15.1 EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment.

15.2 Paragraph (b) is effective July 1, 2017.

15.3 **ARTICLE 5**

15.4 **POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS**
15.5 **AND GENERAL PROVISIONS**

15.6 Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

15.7 Subd. 8. ~~Interest and salary~~ Actuarial assumptions. (a) The actuarial valuation must
15.8 use the applicable following ~~interest~~ investment return assumption:

15.9 (1) select and ultimate ~~interest rate~~ investment return assumption

15.10		ultimate interest rate
15.11		<u>investment return</u>
15.12	plan	assumption
15.13	teachers retirement plan	8.5%

15.14 The select preretirement interest rate assumption for the period through June 30, 2017,
15.15 is eight percent.

15.16 (2) single rate ~~interest rate~~ investment return assumption

15.17		interest rate
15.18		<u>investment return</u>
15.19	plan	assumption
15.20	general state employees retirement plan	<u>8 7.5%</u>
15.21	correctional state employees retirement plan	<u>8 7.5</u>
15.22	State Patrol retirement plan	<u>8 7.5</u>
15.23	legislators retirement plan, and for the	0
15.24	constitutional officers calculation of total plan	
15.25	liabilities	
15.26	judges retirement plan	<u>8 7.5</u>
15.27	general public employees retirement plan	<u>8 7.5</u>
15.28	public employees police and fire retirement plan	<u>8 7.5</u>
15.29	local government correctional service retirement	<u>8 7.5</u>
15.30	plan	
15.31	St. Paul teachers retirement plan	<u>8 7.5</u>
15.32	Bloomington Fire Department Relief Association	6
15.33	local monthly benefit volunteer firefighter relief	5
15.34	associations	
15.35	monthly benefit retirement plans in the statewide	6
15.36	volunteer firefighter retirement plan	

16.1 (b)(1) ~~If funding stability has been attained,~~ The actuarial valuation for each of the
 16.2 covered retirement plans listed in section 356.415, subdivision 2, must ~~use a~~ take into account
 16.3 the postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 16.4 rate or rates applicable to the plan as specified in section 354A.27, subdivision 7; 354A.29,
 16.5 subdivision 9 7; or 356.415, subdivision 1, whichever applies.

16.6 ~~(2) If funding stability has not been attained, the valuation must use a select postretirement~~
 16.7 ~~adjustment rate actuarial assumption equal to the postretirement adjustment rate specified~~
 16.8 ~~in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a,~~
 16.9 ~~1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary~~
 16.10 ~~estimates that the plan will attain the defined funding stability measure, and thereafter an~~
 16.11 ~~ultimate postretirement adjustment rate actuarial assumption equal to the postretirement~~
 16.12 ~~adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415,~~
 16.13 ~~subdivision 1, for the applicable period or periods beginning when funding stability is~~
 16.14 ~~projected to be attained.~~

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

16.18 (1) single rate future salary increase assumption

plan	future salary increase assumption
16.19 legislators retirement plan	5%
16.20 judges retirement plan	2.75
16.22 Bloomington Fire Department Relief Association	4

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

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

16.28 For plans other than the St. Paul teachers
 16.29 retirement plan and the local government
 16.30 correctional service retirement plan, the select
 16.31 calculation is: during the designated select
 16.32 period, a designated percentage rate is
 16.33 multiplied by the result of the designated
 16.34 integer minus T, where T is the number of

17.1 completed years of service, and is added to
 17.2 the applicable future salary increase
 17.3 assumption. The designated select period is
 17.4 ten years and the designated integer is ten for
 17.5 the local government correctional service
 17.6 retirement plan and 15 for the St. Paul
 17.7 Teachers Retirement Fund Association. The
 17.8 designated percentage rate is 0.2 percent for
 17.9 the St. Paul Teachers Retirement Fund
 17.10 Association.

17.11 The ultimate future salary increase assumption is:

17.12	age	A	B
17.13	16	5.9%	8.75%
17.14	17	5.9	8.75
17.15	18	5.9	8.75
17.16	19	5.9	8.75
17.17	20	5.9	8.75
17.18	21	5.9	8.5
17.19	22	5.9	8.25
17.20	23	5.85	8
17.21	24	5.8	7.75
17.22	25	5.75	7.5
17.23	26	5.7	7.25
17.24	27	5.65	7
17.25	28	5.6	6.75
17.26	29	5.55	6.5
17.27	30	5.5	6.5
17.28	31	5.45	6.25
17.29	32	5.4	6.25
17.30	33	5.35	6.25
17.31	34	5.3	6
17.32	35	5.25	6
17.33	36	5.2	5.75
17.34	37	5.15	5.75
17.35	38	5.1	5.75
17.36	39	5.05	5.5
17.37	40	5	5.5

18.1	41	4.95	5.5
18.2	42	4.9	5.25
18.3	43	4.85	5
18.4	44	4.8	5
18.5	45	4.75	4.75
18.6	46	4.7	4.75
18.7	47	4.65	4.75
18.8	48	4.6	4.75
18.9	49	4.55	4.75
18.10	50	4.5	4.75
18.11	51	4.45	4.75
18.12	52	4.4	4.75
18.13	53	4.35	4.75
18.14	54	4.3	4.75
18.15	55	4.25	4.5
18.16	56	4.2	4.5
18.17	57	4.15	4.25
18.18	58	4.1	4
18.19	59	4.05	4
18.20	60	4	4
18.21	61	4	4
18.22	62	4	4
18.23	63	4	4
18.24	64	4	4
18.25	65	4	3.75
18.26	66	4	3.75
18.27	67	4	3.75
18.28	68	4	3.75
18.29	69	4	3.75
18.30	70	4	3.75
18.31	(3) service-related ultimate future salary increase assumption		
18.32	general state employees retirement plan of the Minnesota		assumption A
18.33	State Retirement System		
18.34	general employees retirement plan of the Public		assumption B
18.35	Employees Retirement Association		
18.36	Teachers Retirement Association		assumption C
18.37	public employees police and fire retirement plan		assumption D
18.38	State Patrol retirement plan		assumption E

19.1 correctional state employees retirement plan of the		19.2 assumption F					
19.2 Minnesota State Retirement System							
19.3 service							
19.4 length	A	B	C	D	E	F	
19.5 1	10.25%	11.78%	12%	12.75%	7.75%	5.75%	
19.6 2	7.85	8.65	9	10.75	7.25	5.6	
19.7 3	6.65	7.21	8	8.75	6.75	5.45	
19.8 4	5.95	6.33	7.5	7.75	6.5	5.3	
19.9 5	5.45	5.72	7.25	6.25	6.25	5.15	
19.10 6	5.05	5.27	7	5.85	6	5	
19.11 7	4.75	4.91	6.85	5.55	5.75	4.85	
19.12 8	4.45	4.62	6.7	5.35	5.6	4.7	
19.13 9	4.25	4.38	6.55	5.15	5.45	4.55	
19.14 10	4.15	4.17	6.4	5.05	5.3	4.4	
19.15 11	3.95	3.99	6.25	4.95	5.15	4.3	
19.16 12	3.85	3.83	6	4.85	5	4.2	
19.17 13	3.75	3.69	5.75	4.75	4.85	4.1	
19.18 14	3.55	3.57	5.5	4.65	4.7	4	
19.19 15	3.45	3.45	5.25	4.55	4.55	3.9	
19.20 16	3.35	3.35	5	4.55	4.4	3.8	
19.21 17	3.25	3.26	4.75	4.55	4.25	3.7	
19.22 18	3.25	3.25	4.5	4.55	4.1	3.6	
19.23 19	3.25	3.25	4.25	4.55	3.95	3.5	
19.24 20	3.25	3.25	4	4.55	3.8	3.5	
19.25 21	3.25	3.25	3.9	4.45	3.75	3.5	
19.26 22	3.25	3.25	3.8	4.35	3.75	3.5	
19.27 23	3.25	3.25	3.7	4.25	3.75	3.5	
19.28 24	3.25	3.25	3.6	4.25	3.75	3.5	
19.29 25	3.25	3.25	3.5	4.25	3.75	3.5	
19.30 26	3.25	3.25	3.5	4.25	3.75	3.5	
19.31 27	3.25	3.25	3.5	4.25	3.75	3.5	
19.32 28	3.25	3.25	3.5	4.25	3.75	3.5	
19.33 29	3.25	3.25	3.5	4.25	3.75	3.5	
19.34 30 or more	3.25	3.25	3.5	4.25	3.75	3.5	

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

20.1	general state employees retirement plan of the Minnesota	3.5%
20.2	State Retirement System	
20.3	correctional state employees retirement plan	3.5
20.4	State Patrol retirement plan	3.5
20.5	judges retirement plan	2.75
20.6	general employees retirement plan of the Public	3.5
20.7	Employees Retirement Association	
20.8	public employees police and fire retirement plan	3.5
20.9	local government correctional service retirement plan	3.5
20.10	teachers retirement plan	3.75
20.11	St. Paul teachers retirement plan	4

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

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

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

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

20.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

20.20 Sec. 2. Minnesota Statutes 2016, section 356.215, subdivision 9, is amended to read:

20.21 Subd. 9. **Other assumptions.** ~~The~~ (a) Each plan's actuarial valuation must use
20.22 assumptions concerning base mortality rates, disability, retirement, withdrawal, retirement
20.23 age, and any other relevant demographic or economic factor. These assumptions must be
20.24 set at levels consistent with those determined in the most recent quadrennial experience
20.25 study completed under subdivision 16, if required, or ~~representative of the best estimate of~~
20.26 ~~future experience~~ as recommended by the plan's approved actuary, if a quadrennial experience
20.27 study is not required.

20.28 (b) The actuarial valuation may use an assumption concerning future mortality
20.29 improvement. This assumption may be set at levels consistent with those determined in the
20.30 most recent mortality improvement scale published by the Society of Actuaries or as
20.31 otherwise recommended by the plan's approved actuary.

20.32 (c) The actuarial valuation must contain an exhibit indicating any the actuarial
20.33 assumptions used in preparing the valuation report.

21.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

21.2 Sec. 3. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

21.3 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
21.4 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
21.5 reporting purposes indicating the additional annual contribution sufficient to amortize the
21.6 unfunded actuarial accrued liability and must contain an exhibit for contribution
21.7 determination purposes indicating the additional contribution sufficient to amortize the
21.8 unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph
21.9 (c), but excluding the legislators retirement plan, the additional contribution must be
21.10 calculated on a level percentage of covered payroll basis by the established date for full
21.11 funding in effect when the valuation is prepared, assuming annual payroll growth at the
21.12 applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement
21.13 plans and for the legislators retirement plan, the additional annual contribution must be
21.14 calculated on a level annual dollar amount basis.

21.15 (b) For any retirement plan other than a retirement plan governed by paragraph (d), (e),
21.16 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for
21.17 calculating the actuarial accrued liability of the fund, a change in the benefit plan governing
21.18 annuities and benefits payable from the fund, a change in the actuarial cost method used in
21.19 calculating the actuarial accrued liability of all or a portion of the fund, or a combination
21.20 of the three, which change or changes by itself or by themselves without inclusion of any
21.21 other items of increase or decrease produce a net increase in the unfunded actuarial accrued
21.22 liability of the fund, the established date for full funding is the first actuarial valuation date
21.23 occurring after June 1, 2020.

21.24 (c) For any retirement plan, if there has been a change in any or all of the actuarial
21.25 assumptions used for calculating the actuarial accrued liability of the fund, a change in the
21.26 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial
21.27 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,
21.28 or a combination of the three, and the change or changes, by itself or by themselves and
21.29 without inclusion of any other items of increase or decrease, produce a net increase in the
21.30 unfunded actuarial accrued liability in the fund, the established date for full funding must
21.31 be determined using the following procedure:

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

22.1 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
 22.2 needed to amortize the unfunded actuarial accrued liability amount determined under item
 22.3 (i) by the established date for full funding in effect before the change must be calculated
 22.4 using the interest assumption specified in subdivision 8 in effect before the change;

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

22.9 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
 22.10 needed to amortize the difference between the unfunded actuarial accrued liability amount
 22.11 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
 22.12 under item (iii) over a period of 30 years from the end of the plan year in which the applicable
 22.13 change is effective must be calculated using the applicable interest assumption specified in
 22.14 subdivision 8 in effect after any applicable change;

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

22.18 (vi) the period in which the unfunded actuarial accrued liability amount determined in
 22.19 item (iii) is amortized by the total level annual dollar or level percentage amortization
 22.20 contribution computed under item (v) must be calculated using the interest assumption
 22.21 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
 22.22 integral number of years, but not to exceed 30 years from the end of the plan year in which
 22.23 the determination of the established date for full funding using the procedure set forth in
 22.24 this clause is made and not to be less than the period of years beginning in the plan year in
 22.25 which the determination of the established date for full funding using the procedure set forth
 22.26 in this clause is made and ending by the date for full funding in effect before the change;
 22.27 and

22.28 (vii) the period determined under item (vi) must be added to the date as of which the
 22.29 actuarial valuation was prepared and the date obtained is the new established date for full
 22.30 funding.

22.31 (d) For the general employees retirement plan of the Public Employees Retirement
 22.32 Association, the established date for full funding is June 30, ~~2031~~ 2047.

22.33 (e) For the Teachers Retirement Association, the established date for full funding is June
 22.34 30, 2037.

23.1 (f) For the correctional state employees retirement plan and the State Patrol retirement
 23.2 plan of the Minnesota State Retirement System, the established date for full funding is June
 23.3 30, ~~2038~~ 2047.

23.4 (g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~
 23.5 2047.

23.6 (h) For the local government correctional service retirement plan and the public employees
 23.7 police and fire retirement plan, the established date for full funding is June 30, ~~2038~~ 2047.

23.8 (i) For the St. Paul Teachers Retirement Fund Association, the established date for full
 23.9 funding is June 30, 2042. ~~In addition to other requirements of this chapter, the annual~~
 23.10 ~~actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency~~
 23.11 ~~or sufficiency in annual contributions when comparing liabilities to the market value of the~~
 23.12 ~~assets of the fund as of the close of the most recent fiscal year~~ 2047.

23.13 (j) For the general state employees retirement plan of the Minnesota State Retirement
 23.14 System, the established date for full funding is June 30, ~~2040~~ 2047.

23.15 (k) For the retirement plans for which the annual actuarial valuation indicates an excess
 23.16 of valuation assets over the actuarial accrued liability, the valuation assets in excess of the
 23.17 actuarial accrued liability must be recognized as a reduction in the current contribution
 23.18 requirements by an amount equal to the amortization of the excess expressed as a level
 23.19 percentage of pay over a 30-year period beginning anew with each annual actuarial valuation
 23.20 of the plan.

23.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

23.22 Sec. 4. Minnesota Statutes 2016, section 356.30, subdivision 1, is amended to read:

23.23 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions
 23.24 of the laws governing the covered retirement plans ~~enumerated~~ listed in subdivision 3, a
 23.25 ~~person who has met the qualifications of paragraph (b)~~ person who has met the qualifications of paragraph (b) may elect to receive, upon retirement,
 23.26 a retirement annuity from each ~~enumerated~~ covered retirement plan ~~in which the person has~~
 23.27 ~~at least one-half year of allowable service, based on the allowable service in each plan,~~
 23.28 subject to the provisions of paragraph ~~(e)~~ (b), if the person has:

23.29 (1) allowable service in any two or more of the covered plans;

23.30 (2) at least one-half year of allowable service in each covered plan, based on the allowable
 23.31 service in each plan;

24.1 (3) total allowable service that equals or exceeds the longest service credit vesting
 24.2 requirement of the applicable retirement plan; and

24.3 (4) not begun to receive an annuity from any covered plan or has made application for
 24.4 benefits from each applicable plan and the retirement annuity effective dates of each plan
 24.5 are within a one-year period.

24.6 ~~(b) A person may receive, upon retirement, a retirement annuity from each enumerated~~
 24.7 ~~retirement plan in which the person has at least one-half year of allowable service, and~~
 24.8 ~~augmentation of a deferred annuity calculated at the appropriate rate under the laws governing~~
 24.9 ~~each public pension plan or fund named in subdivision 3, based on the date of the person's~~
 24.10 ~~initial entry into public employment from the date the person terminated all public service~~
 24.11 ~~if:~~

24.12 ~~(1) the person has allowable service in any two or more of the enumerated plans;~~

24.13 ~~(2) the person has sufficient allowable service in total that equals or exceeds the applicable~~
 24.14 ~~service credit vesting requirement of the retirement plan with the longest applicable service~~
 24.15 ~~credit vesting requirement; and~~

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

24.20 ~~(e)~~ (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity
 24.21 from each plan must be based upon the allowable service, accrual rates, and average salary
 24.22 in the applicable plan except as further specified or modified in the following clauses:

24.23 (1) the laws governing annuities must be the law in effect on the date of termination
 24.24 from the last period of public service under a covered retirement plan with which the person
 24.25 earned a minimum of one-half year of allowable service credit during that employment;

24.26 (2) the "average salary" ~~on which the annuity from each covered plan in which the~~
 24.27 ~~employee has credit in a~~ used to calculate the annuity for each formula plan must be based
 24.28 on the employee's highest five successive years of covered salary during the entire service
 24.29 in covered plans;

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

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

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

25.7 (c) If a person eligible for an annuity under paragraph (a) from each covered plan, except
 25.8 the Public Employees Retirement Association and the Teachers Retirement Association,
 25.9 terminates all public service, the deferred annuity must be augmented from the date of
 25.10 termination until the earlier of:

25.11 (1) the effective date of retirement; or

25.12 (2) December 31, 2017, for the Minnesota State Retirement System or June 30, 2018,
 25.13 for the St. Paul Teachers Retirement Association.

25.14 A deferred annuity for all applicable plans, except the Public Employees Retirement
 25.15 Association and the Teachers Retirement Association, must not be augmented after the
 25.16 applicable dates under clause (2). The appropriate rate of augmentation is the rate in effect
 25.17 on the date on which the person entered into public employment and subsequently adjusted
 25.18 according to the laws governing each covered plan, as applicable. The Public Employees
 25.19 Retirement Association and the Teachers Retirement Association must augment a deferred
 25.20 annuity under section 353.74 or 354.55, subdivision 11, whichever applies.

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

25.23 (e) For the purpose of computing annuities under this section, ~~the accrual rates used by~~
 25.24 ~~any covered plan, except the public employees police and fire plan, the judges retirement~~
 25.25 ~~fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year of service~~
 25.26 ~~for any year of service or fraction thereof. The formula percentage used by:~~

25.27 (1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service
 25.28 for any year of service or fraction thereof. ~~The accrual rate used by;~~

25.29 (2) the public employees police and fire plan and the State Patrol retirement plan accrual
 25.30 rate must not exceed 3.0 percent per year of service for any year of service or fraction
 25.31 thereof. ~~The accrual rate or rates used by;~~

26.1 (3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit
 26.2 does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph
 26.3 (c); and

26.4 (4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service
 26.5 for any year of service or fraction thereof.

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

26.8 (g) If the period of duplicated service credit is more than one-half year, or the person
 26.9 has credit for more than one-half year, with each of the plans, each plan must apply its
 26.10 formula to a prorated service credit for the period of duplicated service based on a fraction
 26.11 of the salary on which deductions were paid to that fund for the period divided by the total
 26.12 salary on which deductions were paid to all plans for the period.

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

26.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

26.18 **Sec. 5. [356.311] COVERAGE BY MORE THAN ONE PLAN.**

26.19 (a) Any person who has been a member of two or more of the retirement plans listed in
 26.20 paragraph (b) is entitled, when qualified, to an annuity from each fund if:

26.21 (1) the person's combined service in any two or more retirement plans equals or exceeds
 26.22 the vesting requirement of the fund with the longest vesting requirement; and

26.23 (2) the person has not taken a refund from any of the retirement plans.

26.24 (b) This section applies to any defined benefit plan administered by the Minnesota State
 26.25 Retirement System, including the State Patrol Retirement Plan; the Public Employees
 26.26 Retirement Association, including the public employees police and fire plan; the Teachers
 26.27 Retirement Association; and the St. Paul Teachers Retirement Fund Association, except as
 26.28 noted in paragraph (c).

26.29 (c) This section does not apply to plans providing benefits for police officers or
 26.30 firefighters under sections 424A.091 to 424A.096 or the Bloomington Fire Department
 26.31 Relief Association.

27.1 (d) No portion of the service upon which the retirement annuity from one retirement
 27.2 plan is based shall be again used in the computation of a retirement annuity from another
 27.3 plan. The annuity from each plan must be determined under the laws applicable to that plan
 27.4 except that the requirement that a person meet the vesting requirement in any particular
 27.5 plan shall not apply, provided the combined service in any two or more plans equals or
 27.6 exceeds the vesting requirement of the plan with the longest vesting requirement.

27.7 (e) Any deferred annuity payable under this section shall be subject to augmentation
 27.8 under the laws applicable to the deferred annuity.

27.9 (f) Any person to whom an annuity is not payable under this section because the person
 27.10 took a refund from one of the funds shall be entitled to repay the refund in accordance with
 27.11 the laws governing the refund. Upon repayment, the person is entitled to annuities under
 27.12 this section, if the person would otherwise be entitled.

27.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

27.14 Sec. 6. Minnesota Statutes 2016, section 356.415, subdivision 1, is amended to read:

27.15 Subdivision 1. **Annual postretirement adjustments; generally Minnesota State**
 27.16 **Retirement System general state employees retirement plan, legislators retirement**
 27.17 **plan, and unclassified state employees retirement program.** (a) Except as otherwise
 27.18 ~~provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f~~ set forth in paragraph (c), recipients of a
 27.19 retirement annuity, disability benefit, or survivor benefit ~~recipients of a covered~~ from the
 27.20 general state employees retirement plan, the legislators retirement plan, or the unclassified
 27.21 state employees retirement program are entitled to a an annual postretirement adjustment
 27.22 ~~annually on,~~ effective as of each January 1, as follows:

27.23 (1) effective January 1, 2018, through December 31, 2022, a postretirement increase of
 27.24 ~~2.5~~ one percent must be applied each year, ~~effective January 1,~~ to the monthly annuity or
 27.25 benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit
 27.26 for at least 12 full months as of the June 30 of the calendar year immediately before the
 27.27 adjustment; ~~and~~

27.28 (2) effective January 1, 2018, through December 31, 2022, for each annuitant or benefit
 27.29 recipient who has been receiving an annuity or a benefit amount for at least one full month,
 27.30 but less than 12 full months as of the June 30 of the calendar year immediately before the
 27.31 adjustment, an annual postretirement increase of 1/12 of ~~2.5~~ one percent for each month
 27.32 that the person has been receiving an annuity or benefit must be applied to the monthly
 27.33 annuity or benefit amount of the annuitant or benefit recipient;

28.1 (3) effective January 1, 2023, and thereafter, a postretirement increase of 1.5 percent
28.2 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
28.3 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
28.4 June 30 of the calendar year immediately before the adjustment; and

28.5 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
28.6 has been receiving an annuity or a benefit amount for at least one full month, but less than
28.7 12 full months as of the June 30 of the calendar year immediately before the adjustment,
28.8 an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has
28.9 been receiving an annuity or benefit must be applied to the monthly annuity or benefit
28.10 amount of the annuitant or benefit recipient.

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

28.15 (c) Members who retire on or after January 1, 2023, under the general state employees
28.16 retirement plan, the legislators retirement plan, or the unclassified state employees retirement
28.17 program are entitled to an annual postretirement adjustment of the member's retirement
28.18 annuity, effective as of each January 1, beginning with the year following the year in which
28.19 the member attains normal retirement age, as follows:

28.20 (1) if a member has been receiving an annuity for at least 12 full months as of the June
28.21 30 of the calendar year immediately before the date of the adjustment, a postretirement
28.22 increase equal to the percentage specified in paragraph (a), clause (1) or (3), as applicable,
28.23 must be applied, effective on January 1, to the member's monthly annuity;

28.24 (2) if a member has been receiving an annuity for at least one full month, but less than
28.25 12 full months as of the June 30 of the calendar year immediately before the date of
28.26 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for
28.27 each month that the member has been receiving an annuity must be applied, effective on
28.28 January 1, to the member's monthly annuity; or

28.29 (3) if a member has been receiving an annuity for fewer than six months before the date
28.30 of adjustment, a postretirement increase shall not be applied until the next January 1 and
28.31 the amount of the adjustment shall be the amount determined under clause (2).

28.32 (d) Paragraph (c) does not apply to members who retire under section 352.116,
28.33 subdivision 1, paragraph (c).

29.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

29.2 Sec. 7. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

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

29.10 (1) ~~for each successive January 1, if the definition of funding stability under paragraph~~
 29.11 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~
 29.12 ~~plan,~~ a postretirement increase of ~~two~~ 1.5 percent must be applied each year, ~~effective on~~
 29.13 ~~January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has
 29.14 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
 29.15 calendar year immediately before the adjustment; and

29.16 (2) ~~for each successive January 1, if the definition of funding stability under paragraph~~
 29.17 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~
 29.18 ~~plan,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 29.19 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 29.20 year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~
 29.21 1.5 percent for each month that the person has been receiving an annuity or benefit must
 29.22 be applied to the monthly annuity or benefit amount of each annuitant or benefit recipient.

29.23 ~~(b) Increases under this subdivision for the general state employees retirement plan or~~
 29.24 ~~the correctional state employees retirement plan terminate on December 31 of the calendar~~
 29.25 ~~year in which two prior consecutive actuarial valuations prepared by the approved actuary~~
 29.26 ~~under sections 356.214 and 356.215 and the standards for actuarial work promulgated by~~
 29.27 ~~the Legislative Commission on Pensions and Retirement indicate that the market value of~~
 29.28 ~~assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability~~
 29.29 ~~of the retirement plan and increases under subdivision 1 recommence after that date. Increases~~
 29.30 ~~under this subdivision for the legislators retirement plan established under chapter 3A,~~
 29.31 ~~including the constitutional officers specified in that chapter, and for the unclassified state~~
 29.32 ~~employees retirement program, terminate on December 31 of the calendar year in which~~
 29.33 ~~two prior consecutive actuarial valuations prepared by the approved actuary under sections~~
 29.34 ~~356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative~~

30.1 ~~Commission on Pensions and Retirement indicate that the market value of assets of the~~
 30.2 ~~general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued~~
 30.3 ~~liability of the retirement plan and increases under subdivision 1 recommence after that~~
 30.4 ~~date.~~

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

30.10 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 30.11 ~~actuarial valuations; or~~

30.12 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 30.13 ~~actuarial valuation.~~

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

30.20 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 30.21 ~~actuarial valuations; or~~

30.22 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 30.23 ~~actuarial valuation.~~

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

30.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

30.29 Sec. 8. Minnesota Statutes 2016, section 356.415, subdivision 1b, is amended to read:

30.30 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**
 30.31 **plan and local government correctional retirement plan.** (a) Retirement annuity, disability
 30.32 benefit, or survivor benefit recipients of the general employees retirement plan of the Public

31.1 Employees Retirement Association and the local government correctional service retirement
 31.2 plan are entitled to a an annual postretirement adjustment ~~annually on~~, effective as of each
 31.3 January 1, as follows:

31.4 (1) ~~for each successive January 1~~ until funding stability is restored for the applicable
 31.5 retirement plan, a postretirement increase of one percent must be applied each year, ~~effective~~
 31.6 ~~on January 1~~, to the monthly annuity or benefit amount of each annuitant or benefit recipient
 31.7 who has been receiving an annuity or benefit for at least 12 full months as of the June 30
 31.8 of the calendar year immediately before the adjustment;

31.9 (2) ~~for each successive January 1~~ until funding stability is restored for the applicable
 31.10 retirement plan, for each annuitant or benefit recipient who has been receiving an annuity
 31.11 or a benefit for at least one full month, but less than 12 full months as of the June 30 of the
 31.12 calendar year immediately before the adjustment, an annual postretirement increase of 1/12
 31.13 of one percent for each month the person has been receiving an annuity or benefit must be
 31.14 applied to the monthly annuity or benefit amount of each annuitant or benefit recipient;

31.15 (3) for each January 1 following the restoration of funding stability for the applicable
 31.16 retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective
 31.17 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
 31.18 who has been receiving an annuity or benefit for at least 12 full months as of the June 30
 31.19 of the calendar year immediately before the adjustment; and

31.20 (4) for each January 1 following restoration of funding stability for the applicable
 31.21 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
 31.22 a benefit for at least one full month, but less than 12 full months as of the June 30 of the
 31.23 calendar year immediately before the adjustment, an annual postretirement increase of 1/12
 31.24 of 2.5 percent for each month the person has been receiving an annuity or benefit must be
 31.25 applied.

31.26 (b) Funding stability is restored when the market value of assets of the applicable
 31.27 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
 31.28 applicable plan in the two most recent consecutive actuarial valuations prepared under
 31.29 section 356.215 and the standards for actuarial work by the approved actuary retained by
 31.30 the Public Employees Retirement Association under section 356.214.

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

32.1 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive
32.2 actuarial valuations; or

32.3 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent
32.4 actuarial valuation.

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

32.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

32.10 Sec. 9. Minnesota Statutes 2016, section 356.415, subdivision 1c, is amended to read:

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

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

32.20 ~~(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on~~
32.21 ~~or before June 1, 2014, who has been receiving the annuity or benefit for at least one full~~
32.22 ~~month, but less than 12 months, as of the immediate preceding June 30, an amount equal~~
32.23 ~~to 1/12 of one percent for each month of annuity or benefit receipt; and~~

32.24 ~~(3) (1) for each annuitant or benefit recipient whose annuity or benefit effective date is~~
32.25 ~~after June 1, 2014, who will have been receiving an annuity or benefit for at least 36 full~~
32.26 ~~months as of the immediate preceding June 30, an amount equal to a postretirement increase~~
32.27 ~~of one percent must be applied each year to the monthly annuity or benefit amount of the~~
32.28 ~~annuitant or benefit recipient; or~~

32.29 ~~(4) (2) for each annuitant or benefit recipient whose annuity or benefit effective date is~~
32.30 ~~after June 1, 2014, who has been receiving the annuity or benefit for at least 25 full months,~~
32.31 ~~but less than 36 months as of the immediate preceding June 30, an amount equal to a~~
32.32 ~~postretirement increase of 1/12 of one percent for each full month of that the person has~~
32.33 ~~been receiving an annuity or benefit receipt during the fiscal year in which the annuity or~~

33.1 benefit was effective must be applied each year to the monthly annuity or benefit amount
 33.2 of the annuitant or benefit recipient.

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

33.7 ~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit~~
 33.8 ~~for at least 36 full months as of the immediate preceding June 30, an amount equal to 2.5~~
 33.9 ~~percent; and~~

33.10 ~~(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit~~
 33.11 ~~for at least 25 full months, but less than 36 full months, as of the immediate preceding June~~
 33.12 ~~30, an amount equal to 1/12 of 2.5 percent for each full month of annuity or benefit receipt~~
 33.13 ~~during the fiscal year in which the annuity or benefit was effective.~~

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

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

33.25 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 33.26 ~~actuarial valuations; or~~

33.27 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 33.28 ~~actuarial valuation.~~

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

33.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

34.1 Sec. 10. Minnesota Statutes 2016, section 356.415, subdivision 1d, is amended to read:

34.2 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)

34.3 Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers

34.4 Retirement Association are entitled to a postretirement adjustment annually on January 1,

34.5 as follows:

34.6 (1) for each January 1 until funding stability is restored, a postretirement increase of
34.7 two percent must be applied each year, effective on January 1, to the monthly annuity or
34.8 benefit amount of each annuitant or benefit recipient who has been receiving an annuity or
34.9 a benefit for at least 12 full months as of the June 30 of the calendar year immediately before
34.10 the adjustment;

34.11 (2) for each January 1 until funding stability is restored, for each annuitant or benefit
34.12 recipient who has been receiving an annuity or a benefit for at least one full month, but less
34.13 than 12 full months as of the June 30 of the calendar year immediately before the adjustment,
34.14 an annual postretirement increase of 1/12 of two percent for each month the person has been
34.15 receiving an annuity or benefit must be applied;

34.16 (3) for each January 1 following the restoration of funding stability, a postretirement
34.17 increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity
34.18 or benefit amount of each annuitant or benefit recipient who has been receiving an annuity
34.19 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
34.20 before the adjustment; and

34.21 (4) for each January 1 following the restoration of funding stability, for each annuitant
34.22 or benefit recipient who has been receiving an annuity or a benefit for at least one month,
34.23 but less than 12 full months as of the June 30 of the calendar year immediately before the
34.24 adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the
34.25 person has been receiving an annuity or benefit must be applied.

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

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

35.1 (1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive actuarial
35.2 valuations; or

35.3 (2) 80 percent of the actuarial accrued liabilities of the plan for the most recent actuarial
35.4 valuation.

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

35.9 (e) The retirement annuity payable to a person who retires before becoming eligible for
35.10 Social Security benefits and who has elected the optional payment as provided in section
35.11 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
35.12 annuity for the purposes of any postretirement adjustment. The period-certain retirement
35.13 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
35.14 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
35.15 payable under section 354.35. A postretirement adjustment granted on the period-certain
35.16 retirement annuity must terminate when the period-certain retirement annuity terminates.

35.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

35.18 Sec. 11. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

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

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

35.28 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
35.29 for at least one full month, but less than 12 full months as of the June 30 of the calendar
35.30 year immediately before the adjustment, an annual postretirement increase of 1/12 of one
35.31 percent for each month that the person has been receiving an annuity or benefit must be
35.32 applied to the monthly annuity or benefit of each annuitant or benefit recipient.

36.1 ~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on~~
 36.2 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations for~~
 36.3 ~~the plan prepared by the approved actuary under sections 356.214 and 356.215 and the~~
 36.4 ~~standards for actuarial work promulgated by the Legislative Commission on Pensions and~~
 36.5 ~~Retirement indicates that the market value of assets of the retirement plan equals or exceeds~~
 36.6 ~~85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases~~
 36.7 ~~under paragraph (a) become effective again on the December 31 of the calendar year in~~
 36.8 ~~which the actuarial valuation, or prior consecutive actuarial valuations for the plan prepared~~
 36.9 ~~by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial~~
 36.10 ~~work promulgated by the Legislative Commission on Pensions and Retirement indicates~~
 36.11 ~~that the market value of the assets of the retirement plan equals or is less than 80 percent~~
 36.12 ~~of the actuarial accrued liability of the retirement plan for two years, or equals or is less~~
 36.13 ~~than 75 percent of the actuarial accrued liability of the retirement plan for one year and~~
 36.14 ~~increases under paragraph (c) commence after that date.~~

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

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

36.21 ~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit~~
 36.22 ~~for at least one full month, but less than 12 full months as of the June 30 of the calendar~~
 36.23 ~~year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5~~
 36.24 ~~percent for each month that the person has been receiving an annuity or benefit must be~~
 36.25 ~~applied.~~

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

36.33 ~~(e) (b)~~ An increase in annuity or benefit payments under this subdivision must be made
 36.34 automatically unless written notice is filed by the annuitant or benefit recipient with the

37.1 executive director of the applicable covered retirement plan requesting that the increase not
37.2 be made.

37.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

37.4 Sec. 12. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

37.5 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System**
37.6 **judges retirement plan.** ~~(a) The increases provided under this subdivision are in lieu of~~
37.7 ~~increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor~~
37.8 ~~benefit recipients of the judges retirement plan.~~

37.9 ~~(b)~~ (a) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
37.10 retirement plan are entitled to a an annual postretirement adjustment ~~annually on, effective~~
37.11 as of each January 1; if the definition of funding stability under paragraph (b) has not been
37.12 met, as follows:

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

37.17 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
37.18 for at least one full month, but less than 12 full months as of the June 30 of the calendar
37.19 year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75
37.20 percent for each month that the person has been receiving an annuity or benefit must be
37.21 applied to the monthly annuity or benefit of each annuitant or benefit recipient.

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

37.29 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
37.30 retirement plan are entitled to a postretirement adjustment annually, effective as of each
37.31 January 1 if the definition of funding stability under paragraph (d) has not been met, as
37.32 follows:

38.1 (1) a postretirement increase of two percent must be applied each year to the monthly
38.2 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
38.3 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
38.4 before the adjustment; and

38.5 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
38.6 for at least one full month, but less than 12 full months as of the June 30 of the calendar
38.7 year immediately before the adjustment, an annual postretirement increase of 1/12 of two
38.8 percent for each month that the person has been receiving an annuity or benefit must be
38.9 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

38.10 (d) Increases under paragraph (c) terminate on December 31 of the calendar year in
38.11 which two prior consecutive actuarial valuations prepared by the approved actuary under
38.12 section 356.214 and the standards for actuarial work promulgated by the Legislative
38.13 Commission on Pensions and Retirement indicate that the market value of assets of the
38.14 judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the
38.15 retirement plan and increases under paragraph (e) begin after that date.

38.16 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
38.17 retirement plan are entitled to a postretirement adjustment annually, effective as of each
38.18 January 1, as follows:

38.19 (1) a postretirement increase of 2.5 percent must be applied each year to the monthly
38.20 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
38.21 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
38.22 before the adjustment; and

38.23 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
38.24 for at least one full month, but less than 12 full months as of the June 30 of the calendar
38.25 year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5
38.26 percent for each month that the person has been receiving an annuity or benefit must be
38.27 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

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

38.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

39.1 Sec. 13. Minnesota Statutes 2016, section 356.415, is amended by adding a subdivision
39.2 to read:

39.3 Subd. 1g. **Annual postretirement adjustments; PERA local government correctional**
39.4 **retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients
39.5 of the public employees local government correctional service retirement plan are entitled
39.6 to an annual postretirement adjustment, effective as of each January 1 as follows:

39.7 (1) a postretirement increase of 1.5 percent must be applied each year to the monthly
39.8 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
39.9 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
39.10 before the adjustment; and

39.11 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
39.12 for at least one full month, but less than 12 full months as of the June 30 of the calendar
39.13 year immediately before the adjustment, a postretirement increase of 1/12 of 1.5 percent
39.14 for each month that the person has been receiving an annuity or benefit must be applied to
39.15 the monthly annuity or benefit amount of the annuitant or benefit recipient.

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

39.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

39.21 Sec. 14. **STUDY.**

39.22 Before December 31, 2020, the Legislative Commission on Pensions and Retirement
39.23 must conduct a study of the rates of the postretirement adjustments for the covered plans
39.24 as defined in Minnesota Statutes, section 356.415, subdivision 2, and the St. Paul Teachers
39.25 Retirement Fund Association, and make recommendations regarding whether they should
39.26 be modified and whether a new methodology for determining postretirement adjustment
39.27 should be adopted. The Legislative Commission on Pensions and Retirement shall make a
39.28 determination based on the study during the 2021 legislative session.

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

39.30 **ARTICLE 6**

39.31 **INTEREST RATE CONFORMING CHANGES**

39.32 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

40.1 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision
 40.2 1 and who is no longer a member of the legislature is entitled to receive, upon written
 40.3 application to the executive director on a form prescribed by the executive director, a refund
 40.4 from the general fund of all contributions credited to the member's account with interest
 40.5 computed as provided in section 352.22, subdivision 2.

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

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

40.11 (d) However, the member may reinstate the rights and credit for service previously
 40.12 forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate~~
 40.13 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or
 40.14 rates specified in section 356.59, subdivision 2, compounded annually, from the date on
 40.15 which the refund was taken to the date on which the refund is repaid.

40.16 (e) A member of the legislature who has received a refund from any of the retirement
 40.17 plans specified in section 356.311, paragraph (b), may repay the refund to the respective
 40.18 plan under such terms and conditions consistent with the law governing the retirement plan
 40.19 if the law governing the plan permits the repayment of refunds. If the total amount to be
 40.20 repaid, including principal and interest exceeds \$2,000, repayment may be made in three
 40.21 equal installments over a period of 18 months, with the interest accrued during the period
 40.22 of the repayment added to the final installment.

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

40.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

40.25 Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

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

41.1 The employing department, at its option, may pay the employer amount on behalf of its
 41.2 employees. Payment made under this subdivision must include interest at the ~~rate of 8.5~~
 41.3 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or
 41.4 rates specified in section 356.59, subdivision 2, and must be completed within one year of
 41.5 the return from leave of absence.

41.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

41.7 Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

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

41.13 (b) If payment is received by the executive director within one year from the date the
 41.14 employee returned to work following the authorized leave, the payment amount is equal to
 41.15 the employee and employer contribution rates specified in law for the applicable plan at the
 41.16 end of the leave period multiplied by the employee's hourly rate of salary on the date of
 41.17 return from the leave of absence and by the days and months of the leave of absence for
 41.18 which the employee is eligible for allowable service credit. The payment must include
 41.19 compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent~~
 41.20 ~~per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision
 41.21 2, from the last day of the leave period until the last day of the month in which payment is
 41.22 received. If payment is received by the executive director after one year, the payment amount
 41.23 is the amount determined under section 356.551. Payment under this paragraph must be
 41.24 made before the date of termination from public employment covered under this chapter.

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

41.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

42.1 Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

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

42.5 (b) If a department fails to take deductions past due for a period in excess of 60 days
42.6 from an employee's salary as provided in this section, the department, and not the employee,
42.7 must pay on later payroll abstracts the employee and employer contributions and ~~an amount~~
42.8 ~~equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount~~
42.9 ~~due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June~~
42.10 ~~30, 2015, and eight percent thereafter compound annual interest at the applicable annual~~
42.11 ~~rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date~~
42.12 ~~the employee and employer contributions should have been deducted to the date payment~~
42.13 ~~of the total amount due is paid by the department.~~

42.14 (c) If a department fails to take deductions past due for a period of 60 days or less and
42.15 the employee is no longer in state service so that the required deductions cannot be taken
42.16 from the salary of the employee, the department must nevertheless pay the required employer
42.17 contributions. If any department fails to take deductions past due for a period in excess of
42.18 60 days and the employee is no longer in state service, the omitted contributions must be
42.19 recovered under paragraph (b).

42.20 (d) If an employee from whose salary required deductions were past due for a period of
42.21 60 days or less leaves state service before the payment of the omitted deductions and
42.22 subsequently returns to state service, the unpaid amount is considered the equivalent of a
42.23 refund. The employee accrues no right by reason of the unpaid amount, except that the
42.24 employee may pay the amount of omitted deductions as provided in section 352.23.

42.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

42.26 Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

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

42.31 (b) If a deduction for the retirement fund is taken from a salary warrant or check, and
42.32 the check is canceled or the amount of the warrant or check returned to the funds of the
42.33 department making the payment, the sum deducted, or the part of it required to adjust the

43.1 deductions, must be refunded to the department or institution if the department applies for
 43.2 the refund on a form furnished by the director. The department's payments must likewise
 43.3 be refunded to the department.

43.4 (c) If erroneous employee deductions and employer contributions are caused by an error
 43.5 in plan coverage involving the plan and any other plans specified in section 356.99, that
 43.6 section applies. If the employee should have been covered by the plan governed by chapter
 43.7 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
 43.8 in error must be directly transferred to the applicable employee's account in the correct
 43.9 retirement plan, with interest at the ~~rate of 0.71 percent per month until June 30, 2015, and~~
 43.10 ~~0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section
 43.11 356.59, subdivision 2, compounded annually, from the first day of the month following the
 43.12 month in which coverage should have commenced in the correct defined contribution plan
 43.13 until the end of the month in which the transfer occurs.

43.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

43.15 Sec. 6. Minnesota Statutes 2016, section 352.23, is amended to read:

43.16 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

43.17 (a) When any employee accepts a refund as provided in section 352.22, all existing
 43.18 allowable service credits and all rights and benefits to which the employee was entitled
 43.19 before accepting the refund terminate.

43.20 (b) Terminated service credits and rights must not again be restored until the former
 43.21 employee acquires at least six months of allowable service credit after taking the last refund.
 43.22 In that event, the employee may repay all refunds previously taken from the retirement fund.

43.23 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
 43.24 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
 43.25 under law in effect when the payment in lieu of deductions was made; (3) payments made
 43.26 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
 43.27 allowable service previously credited while receiving temporary workers' compensation as
 43.28 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

43.29 (d) Payments under this section for repayment of refunds are to be paid with interest at
 43.30 the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual
 43.31 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
 43.32 the refund was taken until the date the refund is repaid. They may be paid in a lump sum

44.1 or by payroll deduction in the manner provided in section 352.04. Payment may be made
44.2 in a lump sum up to six months after termination from service.

44.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

44.4 Sec. 7. Minnesota Statutes 2016, section 352.27, is amended to read:

44.5 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
44.6 **SERVICE.**

44.7 (a) An employee who is absent from employment by reason of service in the uniformed
44.8 services, as defined in United States Code, title 38, section 4303(13), and who returns to
44.9 state service upon discharge from service in the uniformed service within the time frames
44.10 required in United States Code, title 38, section 4312(e), may obtain service credit for the
44.11 period of the uniformed service as further specified in this section, provided that the employee
44.12 did not separate from uniformed service with a dishonorable or bad conduct discharge or
44.13 under other than honorable conditions.

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

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

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

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

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

45.9 (g) The employing unit shall pay interest on all equivalent employee and employer
 45.10 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~
 45.11 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or
 45.12 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each
 45.13 fiscal year of the leave or the break in service to the end of the month in which the payment
 45.14 is received.

45.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

45.16 Sec. 8. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

45.17 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee
 45.18 who is transferred to plan coverage and who elects to transfer past service credit under this
 45.19 section must pay an additional member contribution for that prior service period. The
 45.20 additional member contribution is the amount computed under paragraph (b), plus the greater
 45.21 of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued
 45.22 liability attributable to the past service credit transfer.

45.23 (b) The executive director shall compute, for the most recent 12 months of service credit
 45.24 eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the
 45.25 difference between the employee contribution rate or rates for the general state employees
 45.26 retirement plan and the employee contribution rate or rates for the correctional state
 45.27 employees retirement plan applied to the eligible employee's salary during that transfer
 45.28 period, plus compound interest at the applicable monthly rate of ~~0.71 percent until June 30,~~
 45.29 ~~2015, and 0.667 percent per month thereafter~~ or rates specified in section 356.59, subdivision
 45.30 2.

45.31 (c) The executive director shall compute, for any service credit being transferred on
 45.32 behalf of the eligible employee and not included under paragraph (b), the difference between
 45.33 the employee contribution rate or rates for the general state employees retirement plan and

46.1 the employee contribution rate or rates for the correctional state employees retirement plan
46.2 applied to the eligible employee's salary during that transfer period, plus compound interest
46.3 at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~
46.4 applicable monthly rate or rates specified in section 356.59, subdivision 2.

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

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

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

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

46.25 (h) The unfunded actuarial accrued liability attributable to the past service credit transfer
46.26 is the present value of the benefit obtained by the transfer of the service credit to the
46.27 correctional state employees retirement plan reduced by the amount of the asset transfer
46.28 under subdivision 4, by the amount of the member contribution equivalent payment computed
46.29 under paragraph (b), and by the amount of the employer contribution equivalent payment
46.30 computed under paragraph (d).

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

47.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

47.2 Sec. 9. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

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

47.8 (b) If payment is received by the executive director within one year from the date the
47.9 employee returned to work following the authorized leave, the payment amount is equal to
47.10 the employee and employer contribution rates specified in section 352B.02 at the end of
47.11 the leave period multiplied by the employee's hourly rate of salary on the date of return
47.12 from the leave of absence and by the days and months of the leave of absence for which
47.13 the employee is eligible for allowable service credit. The payment must include compound
47.14 interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~
47.15 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from
47.16 the last day of the leave period until the last day of the month in which payment is received.
47.17 If payment is received by the executive director after one year from the date the employee
47.18 returned to work following the authorized leave, the payment amount is the amount
47.19 determined under section 356.551. Payment under this paragraph must be made before the
47.20 date of termination from public employment covered under this chapter.

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

47.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

47.28 Sec. 10. Minnesota Statutes 2016, section 352B.085, is amended to read:

47.29 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
47.30 **ABSENCE.**

47.31 A member on leave of absence receiving temporary workers' compensation payments
47.32 and a reduced salary or no salary from the employer who is entitled to allowable service

48.1 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may
48.2 make payment to the fund for the difference between salary received, if any, and the salary
48.3 that the member would normally receive if the member was not on leave of absence during
48.4 the period. The member shall pay an amount equal to the member and employer contribution
48.5 rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for
48.6 the period of the leave of absence. The employing department, at its option, may pay the
48.7 employer amount on behalf of the member. Payment made under this subdivision must
48.8 include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
48.9 ~~per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must
48.10 be completed within one year of the member's return from the leave of absence.

48.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

48.12 Sec. 11. Minnesota Statutes 2016, section 352B.086, is amended to read:

48.13 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

48.14 (a) A member who is absent from employment by reason of service in the uniformed
48.15 services, as defined in United States Code, title 38, section 4303(13), and who returns to
48.16 state employment in a position covered by the plan upon discharge from service in the
48.17 uniformed services within the time frame required in United States Code, title 38, section
48.18 4312(e), may obtain service credit for the period of the uniformed service, provided that
48.19 the member did not separate from uniformed service with a dishonorable or bad conduct
48.20 discharge or under other than honorable conditions.

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

48.30 (c) The equivalent employer contribution and, if applicable, the equivalent employer
48.31 additional contribution, must be paid by the employing unit, using the employer and employer
48.32 additional contribution rate or rates in effect at the time that the uniformed service was
48.33 performed, applied to the same annual salary rate or rates used to compute the equivalent
48.34 member contribution.

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

49.6 (e) To receive allowable service credit under this section, the contributions specified in
49.7 this section must be transmitted to the fund during the period which begins with the date
49.8 on which the individual returns to state employment covered by the plan and which has a
49.9 duration of three times the length of the uniformed service period, but not to exceed five
49.10 years. If the determined payment period is calculated to be less than one year, the
49.11 contributions required under this section to receive service credit must be transmitted to the
49.12 fund within one year from the discharge date.

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

49.16 (g) The employing unit shall pay interest on all equivalent member and employer
49.17 contribution amounts payable under this section. Interest must be computed at the ~~rate of~~
49.18 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates
49.19 specified in section 356.59, subdivision 2, compounded annually, from the end of each
49.20 fiscal year of the leave or break in service to the end of the month in which payment is
49.21 received.

49.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

49.23 Sec. 12. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

49.24 Subd. 4. **Reentry into state service; refund repayment.** (a) When a former member,
49.25 who has become separated from state service that entitled the member to membership and
49.26 has received a refund of retirement payments, reenters the state service in a position that
49.27 entitles the member to membership, that member shall receive credit for the period of prior
49.28 allowable state service if the member repays into the fund the amount of the refund, plus
49.29 interest ~~on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at
49.30 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
49.31 annually, at any time before subsequent retirement. Repayment may be made in installments
49.32 or in a lump sum.

50.1 (b) A person who has received a refund from the State Patrol retirement fund who is a
 50.2 member of a public retirement system included in section 356.311 may repay the refund
 50.3 with interest to the State Patrol retirement fund as provided in paragraph (a).

50.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

50.5 Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

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

50.8 (b) A participant in the unclassified program or an employee covered by the general
 50.9 employees retirement plan who has withdrawn the value of the total shares may repay the
 50.10 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying
 50.11 into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015,~~
 50.12 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,
 50.13 subdivision 2, compounded annually₂ from the date that the refund was taken until the date
 50.14 that the refund is repaid. If the participant had withdrawn only the employee shares as
 50.15 permitted under prior laws, repayment must be pro rata.

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

50.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

50.19 Sec. 14. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

50.20 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may
 50.21 make the purchase by paying to the state retirement system an amount equal to the current
 50.22 employee contribution rate in effect for the state retirement system applied to the current
 50.23 or final salary rate multiplied by the months and days of prior temporary, intermittent, or
 50.24 contract legislative service. Payment shall be made in one lump sum unless the executive
 50.25 director of the state retirement system agrees to accept payment in installments over a period
 50.26 of not more than three years from the date of the agreement. Installment payments shall be
 50.27 charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
 50.28 applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
 50.29 annually.

50.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

51.1 Sec. 15. Minnesota Statutes 2016, section 352D.12, is amended to read:

51.2 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

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

51.7 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
51.8 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
51.9 equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015,~~
51.10 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,
51.11 subdivision 2, compounded annually, based on fiscal year balances.

51.12 (c) If a participant has taken a refund from a retirement plan listed in this section, the
51.13 participant may repay the refund to that plan, notwithstanding any restrictions on repayment
51.14 to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~
51.15 with interest at the applicable annual rate or rates specified in section 356.59, subdivision
51.16 2, compounded annually, and have the accumulated employee and equal employer
51.17 contributions transferred to the unclassified program with interest at the rate of 8.5 percent
51.18 until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year
51.19 balances. If a person repays a refund and subsequently elects to have the money transferred
51.20 to the unclassified program, the repayment amount, including interest, is added to the fiscal
51.21 year balance in the year which the repayment was made.

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

51.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

51.27 Sec. 16. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

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

51.29 (1) service during years of actual membership in the course of which employee deductions
51.30 were withheld from salary and contributions were made at the applicable rates under section
51.31 353.27, 353.65, or 353E.03;

52.1 (2) periods of service covered by payments in lieu of salary deductions under sections
52.2 353.27, subdivisions 12 and 12a, and 353.35;

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

52.6 (4) a period of authorized leave of absence during which the employee receives pay as
52.7 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
52.8 employee contributions are made, deposited, and credited to the fund;

52.9 (5) a period of authorized leave of absence without pay, or with pay that is not included
52.10 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which
52.11 salary deductions are not authorized, and for which a member obtained service credit for
52.12 up to 12 months of the authorized leave period by payment under section 353.0161 or
52.13 353.0162, to the fund made in place of salary deductions;

52.14 (6) a periodic, repetitive leave that is offered to all employees of a governmental
52.15 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
52.16 as certified to the association by the employer. A participating member obtains service credit
52.17 by making employee contributions in an amount or amounts based on the member's average
52.18 salary, excluding overtime pay, that would have been paid if the leave had not been taken.
52.19 The employer shall pay the employer and additional employer contributions on behalf of
52.20 the participating member. The employee and the employer are responsible to pay interest
52.21 on their respective shares at the ~~rate of 8.5 percent until June 30, 2015, and eight percent~~
52.22 ~~thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded
52.23 annually, from the end of the normal cycle until full payment is made. An employer shall
52.24 also make the employer and additional employer contributions, plus 8.5 percent interest
52.25 until June 30, 2015, and eight percent interest thereafter at the applicable rate or rates
52.26 specified in section 356.59, subdivision 3, compounded annually, on behalf of an employee
52.27 who makes employee contributions but terminates public service. The employee contributions
52.28 must be made within one year after the end of the annual normal working cycle or within
52.29 30 days after termination of public service, whichever is sooner. The executive director
52.30 shall prescribe the manner and forms to be used by a governmental subdivision in
52.31 administering a periodic, repetitive leave. Upon payment, the member must be granted
52.32 allowable service credit for the purchased period;

52.33 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
52.34 months allowable service per authorized temporary or seasonal layoff in one calendar year.

53.1 An employee who has received the maximum service credit allowed for an authorized
53.2 temporary or seasonal layoff must return to public service and must obtain a minimum of
53.3 three months of allowable service subsequent to the layoff in order to receive allowable
53.4 service for a subsequent authorized temporary or seasonal layoff;

53.5 (8) a period during which a member is absent from employment by a governmental
53.6 subdivision by reason of service in the uniformed services, as defined in United States Code,
53.7 title 38, section 4303(13), if the member returns to public service with the same governmental
53.8 subdivision upon discharge from service in the uniformed service within the time frames
53.9 required under United States Code, title 38, section 4312(e), provided that the member did
53.10 not separate from uniformed service with a dishonorable or bad conduct discharge or under
53.11 other than honorable conditions. The service must be credited if the member pays into the
53.12 fund equivalent employee contributions based upon the contribution rate or rates in effect
53.13 at the time that the uniformed service was performed multiplied by the full and fractional
53.14 years being purchased and applied to the annual salary rate. The annual salary rate is the
53.15 average annual salary during the purchase period that the member would have received if
53.16 the member had continued to be employed in covered employment rather than to provide
53.17 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
53.18 salary rate is the member's average salary rate during the 12-month period of covered
53.19 employment rendered immediately preceding the period of the uniformed service. Payment
53.20 of the member equivalent contributions must be made during a period that begins with the
53.21 date on which the individual returns to public employment and that is three times the length
53.22 of the military leave period, or within five years of the date of discharge from the military
53.23 service, whichever is less. If the determined payment period is less than one year, the
53.24 contributions required under this clause to receive service credit may be made within one
53.25 year of the discharge date. Payment may not be accepted following 30 days after termination
53.26 of public service under subdivision 11a. If the member equivalent contributions provided
53.27 for in this clause are not paid in full, the member's allowable service credit must be prorated
53.28 by multiplying the full and fractional number of years of uniformed service eligible for
53.29 purchase by the ratio obtained by dividing the total member contributions received by the
53.30 total member contributions otherwise required under this clause. The equivalent employer
53.31 contribution, and, if applicable, the equivalent additional employer contribution must be
53.32 paid by the governmental subdivision employing the member if the member makes the
53.33 equivalent employee contributions. The employer payments must be made from funds
53.34 available to the employing unit, using the employer and additional employer contribution
53.35 rate or rates in effect at the time that the uniformed service was performed, applied to the
53.36 same annual salary rate or rates used to compute the equivalent member contribution. The

54.1 governmental subdivision involved may appropriate money for those payments. The amount
 54.2 of service credit obtainable under this section may not exceed five years unless a longer
 54.3 purchase period is required under United States Code, title 38, section 4312. The employing
 54.4 unit shall pay interest on all equivalent member and employer contribution amounts payable
 54.5 under this clause. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015,~~
 54.6 ~~and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision
 54.7 3, compounded annually, from the end of each fiscal year of the leave or the break in service
 54.8 to the end of the month in which the payment is received. Upon payment, the employee
 54.9 must be granted allowable service credit for the purchased period; or

54.10 (9) a period specified under section 353.0162.

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

54.13 (c) For an active member who was an active member of the former Minneapolis
 54.14 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
 54.15 service credited by the Minneapolis Firefighters Relief Association as reflected in the
 54.16 transferred records of the association up to December 30, 2011, and the period of service
 54.17 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
 54.18 who was an active member of the former Minneapolis Police Relief Association on December
 54.19 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
 54.20 Relief Association as reflected in the transferred records of the association up to December
 54.21 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
 54.22 30, 2011.

54.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

54.24 Sec. 17. Minnesota Statutes 2016, section 353.0162, is amended to read:

54.25 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

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

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

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

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

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

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

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

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

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

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

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

55.22 (f) Payment under this section must include interest on the contribution amount or
55.23 amounts, whichever applies, at ~~an 8.5 percent annual rate until June 30, 2015, and at an~~
55.24 ~~eight percent annual rate thereafter~~ the applicable rate or rates specified in section 356.59,
55.25 subdivision 3, compounded annually, prorated for applicable the number of months, if less
55.26 than 12 months, from the date on which the period of reduced salary specified under this
55.27 section terminates to the date on which the payment or payments are received by the
55.28 executive director. Payment under this section must be completed within the earlier of 30
55.29 days from termination of public service by the employee under section 353.01, subdivision
55.30 11a, or one year after the termination of the period specified in paragraph (b), as further
55.31 restricted under this section.

55.32 (g) The period for which additional allowable salary credit may be purchased is limited
55.33 to the period during which the person receives temporary workers' compensation payments

56.1 or for those business years in which the governmental subdivision offers or mandates a
56.2 budget or salary savings program, as certified to the executive director by a resolution of
56.3 the governing body of the governmental subdivision. For an authorized leave of absence,
56.4 the period for which allowable salary credit may be purchased may not exceed 12 months
56.5 of authorized leave.

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

56.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

56.10 Sec. 18. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

56.11 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For
56.12 the period July 1, 2015, through December 31, 2031, the member contributions for former
56.13 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis
56.14 Employees Retirement Fund-covered employing units are governed by this subdivision.

56.15 (b) The member contribution for a public employee who was a member of the former
56.16 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of
56.17 the employee.

56.18 (c) The employer regular contribution with respect to a public employee who was a
56.19 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75
56.20 percent of the salary of the employee.

56.21 (d) For calendar years 2015 and 2016, the employer supplemental contribution is the
56.22 employing unit's share of \$31,000,000. For calendar years 2017 through 2031, the employer
56.23 supplemental contribution is the employing unit's share of \$21,000,000.

56.24 (e) Each employing unit's share under paragraph (d) is the amount determined from an
56.25 allocation between each employing unit in the portion equal to the unit's employer
56.26 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,
56.27 during calendar year 2014.

56.28 (f) The employer supplemental contribution amount under paragraph (d) for calendar
56.29 year 2015 must be invoiced by the executive director of the Public Employees Retirement
56.30 Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount
56.31 on or before September 30, 2015. For subsequent calendar years, the employer supplemental
56.32 contribution under paragraph (d) must be invoiced on January 31 of each year and is payable
56.33 in two parts, with the first half payable on or before July 31 and with the second half payable

57.1 on or before December 15. Late payments are payable with ~~compound~~ interest, compounded
 57.2 annually, at the rate of 0.71 percent applicable rate or rates specified in section 356.59,
 57.3 subdivision 3, per month for each month or portion of a month that has elapsed after the
 57.4 due date.

57.5 (g) The employer supplemental contribution under paragraph (d) terminates on December
 57.6 31, 2031.

57.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

57.8 Sec. 19. Minnesota Statutes 2016, section 353.27, subdivision 7a, is amended to read:

57.9 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions
 57.10 and employer contributions under this section, section 353.50, 353.65, or 353E.03 were
 57.11 erroneously transmitted to the association, but should have been transmitted to a plan covered
 57.12 by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous
 57.13 employee deductions and employer contributions to the appropriate retirement fund or
 57.14 individual account, as applicable. The time limitations specified in subdivisions 7 and 12
 57.15 do not apply. The transfer to the applicable defined contribution plan account must include
 57.16 interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent applicable~~
 57.17 rate or rates specified in section 356.59, subdivision 3, per month thereafter, compounded
 57.18 annually, from the first day of the month following the month in which coverage should
 57.19 have commenced in the defined contribution plan until the end of the month in which the
 57.20 transfer occurs.

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

58.1 (c) If erroneous employee deductions and employer contributions reflect a plan coverage
58.2 error involving any Public Employees Retirement Association plan specified in section
58.3 356.99 and any other plan specified in that section, section 356.99 applies.

58.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

58.5 Sec. 20. Minnesota Statutes 2016, section 353.27, subdivision 12, is amended to read:

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

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

58.18 (c) When the omission period of an employee exceeds 60 days, the governmental
58.19 subdivision shall furnish to the association sufficient data and documentation upon which
58.20 the obligation for omitted employee and employer contributions can be calculated. The
58.21 omitted employee deductions must be deducted from the employee's subsequent salary
58.22 payment or payments and remitted to the association for deposit in the applicable retirement
58.23 fund. The employee shall pay omitted employee deductions due for the 60 days prior to the
58.24 end of the last pay period in the omission period during which salary was earned. The
58.25 employer shall pay any remaining omitted employee deductions and any omitted employer
58.26 contributions, plus cumulative interest at the annual rate of 8.5 percent until June 30, 2015,
58.27 and eight percent thereafter compounded annually, from the date or dates each omitted
58.28 employee contribution was first payable.

58.29 (d) An employer shall not hold an employee liable for omitted employee deductions
58.30 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
58.31 those employee deductions paid by the employer on behalf of the employee. Omitted
58.32 deductions due under paragraph (c) which are not paid by the employee constitute a liability
58.33 of the employer that failed to deduct the omitted deductions from the employee's salary.
58.34 The employer shall make payment with interest at the ~~annual rate of 8.5 percent until June~~

59.1 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,
 59.2 subdivision 3, compounded annually. Omitted employee deductions are no longer due if an
 59.3 employee terminates public service before making payment of omitted employee deductions
 59.4 to the association, but the employer remains liable to pay omitted employer contributions
 59.5 plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
 59.6 applicable rate or rates specified in section 356.59, subdivision 3, compounded annually,
 59.7 from the date the contributions were first payable.

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

59.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

59.17 Sec. 21. Minnesota Statutes 2016, section 353.27, subdivision 12a, is amended to read:

59.18 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who
 59.19 was a member of the general employees retirement plan of the Public Employees Retirement
 59.20 Association, the public employees police and fire retirement plan, or the local government
 59.21 correctional employees retirement plan and who has a period of employment in which
 59.22 previously omitted employer contributions were made under subdivision 12 but for whom
 59.23 no, or only partial, omitted employee contributions have been made, or a member who had
 59.24 prior coverage in the association for which previously omitted employer contributions were
 59.25 made under subdivision 12 but who terminated service before required omitted employee
 59.26 deductions could be withheld from salary, may pay the omitted employee deductions for
 59.27 the period on which omitted employer contributions were previously paid plus interest at
 59.28 the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable
 59.29 rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated
 59.30 employee may pay the omitted employee deductions plus interest within six months of an
 59.31 initial notification from the association of eligibility to pay those omitted deductions. If a
 59.32 terminated employee is reemployed in a position covered under a public pension fund under
 59.33 section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment
 59.34 must be made no later than six months after a subsequent termination of public service.

60.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

60.2 Sec. 22. Minnesota Statutes 2016, section 353.27, subdivision 12b, is amended to read:

60.3 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted
 60.4 from salary adjustments or final salary of a terminated employee who was a member of the
 60.5 general employees retirement plan, the public employees police and fire retirement plan,
 60.6 or the local government correctional employees retirement plan and who is immediately
 60.7 eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer
 60.8 additional contributions plus interest on both the employer and employee amounts due at
 60.9 ~~an annual rate of 8.5 percent~~ the applicable rate or rates specified in section 356.59,
 60.10 subdivision 3, compounded annually. The employee shall pay the employee deductions
 60.11 within six months of an initial notification from the association of eligibility to pay omitted
 60.12 deductions or the employee forfeits the right to make the payment.

60.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

60.14 Sec. 23. Minnesota Statutes 2016, section 353.28, subdivision 5, is amended to read:

60.15 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or
 60.16 section 353.27, subdivision 4, is payable with interest at the ~~annual compound rate of 8.5~~
 60.17 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified
 60.18 in section 356.59, subdivision 3, compounded annually, from the date due until the date
 60.19 payment is received by the association, with a minimum interest charge of \$10.

60.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

60.21 Sec. 24. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

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

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

60.27 (c) The rights and benefits of a former member must not be restored until the person
 60.28 returns to active service and acquires at least six months of allowable service credit after
 60.29 taking the last refund and repays the refund or refunds taken and interest received under
 60.30 section 353.34, subdivisions 1 and 2, plus interest at the ~~annual rate of 8.5 percent until June~~
 60.31 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,

61.1 subdivision 3, compounded annually. If the person elects to restore service credit in a
 61.2 particular fund from which the person has taken more than one refund, the person must
 61.3 repay all refunds to that fund. All refunds must be repaid within six months of the last date
 61.4 of termination of public service.

61.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

61.6 Sec. 25. Minnesota Statutes 2016, section 354.50, subdivision 2, is amended to read:

61.7 Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall include
 61.8 interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section
 61.9 356.59, subdivision 4, compounded annually₂ from date of withdrawal to the date payment
 61.10 is made and shall be credited to the fund.

61.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

61.12 Sec. 26. Minnesota Statutes 2016, section 354.51, subdivision 5, is amended to read:

61.13 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event
 61.14 that full required member contributions are not deducted from the salary of a teacher,
 61.15 payment of shortages in member deductions on salary earned are the sole obligation of the
 61.16 employing unit and are payable by the employing unit upon notification by the executive
 61.17 director of the shortage. The amount of the shortage shall be paid with interest at ~~an annual~~
 61.18 ~~rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision
 61.19 4, compounded annually₂ from the end of the fiscal year in which the shortage occurred to
 61.20 the end of the month in which payment is made and the interest must be credited to the
 61.21 fund. The employing unit shall also pay the employer contributions as specified in section
 61.22 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the
 61.23 employing unit within 60 days of notification, and if the executive director does not use the
 61.24 recovery procedure in section 354.512, the executive director shall certify the amount of
 61.25 the shortage to the applicable county auditor, who shall spread a levy in the amount of the
 61.26 shortage payment over the taxable property of the taxing district of the employing unit if
 61.27 the employing unit is supported by property taxes. Payment may not be made for shortages
 61.28 in member deductions on salary paid or payable under paragraph (b) or for shortages in
 61.29 member deductions for persons employed by the Minnesota State Colleges and Universities
 61.30 system in a faculty position or in an eligible unclassified administrative position and whose
 61.31 employment was less than 25 percent of a full academic year, exclusive of the summer
 61.32 session, for the applicable institution that exceeds the most recent 36 months.

62.1 (b) For a person who is employed by the Minnesota State Colleges and Universities
 62.2 system in a faculty position or in an eligible unclassified administrative position and whose
 62.3 employment was less than 25 percent of a full academic year, exclusive of the summer
 62.4 session, for the applicable institution, upon the person's election under section 354B.21 of
 62.5 retirement coverage under this chapter, the shortage in member deductions on the salary
 62.6 for employment by the Minnesota State Colleges and Universities system institution of less
 62.7 than 25 percent of a full academic year, exclusive of the summer session, for the applicable
 62.8 institution for the most recent 36 months and the associated employer contributions must
 62.9 be paid by the Minnesota State Colleges and Universities system institution, plus ~~annual~~
 62.10 ~~compound~~ interest at the ~~rate of 8.5 percent~~ applicable annual rate or rates specified in
 62.11 section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in
 62.12 which the shortage occurred to the end of the month in which the Teachers Retirement
 62.13 Association coverage election is made. An individual electing coverage under this paragraph
 62.14 shall repay the amount of the shortage in member deductions, plus interest, through deduction
 62.15 from salary or compensation payments within the first year of employment after the election
 62.16 under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State
 62.17 Colleges and Universities system may use any means available to recover amounts which
 62.18 were not recovered through deductions from salary or compensation payments. No payment
 62.19 of the shortage in member deductions under this paragraph may be made for a period longer
 62.20 than the most recent 36 months.

62.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

62.22 Sec. 27. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

62.23 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
 62.24 due to the association and furnish a statement indicating the amount due and transmitted
 62.25 with any other information required by the executive director. If an amount due is not
 62.26 received by the association within 14 calendar days of the payroll warrant, the ~~amount~~
 62.27 ~~accrues interest at an annual rate of 8.5 percent~~ employer shall pay interest on the amount
 62.28 due at the applicable annual rate or rates specified in section 356.59, subdivision 4,
 62.29 compounded annually, from the due date until the amount is received by the association.
 62.30 All amounts due and other employer obligations not remitted within 60 days of notification
 62.31 by the association must be certified to the commissioner of management and budget who
 62.32 shall deduct the amount from any state aid or appropriation amount applicable to the
 62.33 employing unit.

62.34 **EFFECTIVE DATE.** This section is effective July 1, 2017.

63.1 Sec. 28. Minnesota Statutes 2016, section 354.53, subdivision 5, is amended to read:

63.2 Subd. 5. **Interest requirements.** The employer shall pay interest on all equivalent
 63.3 employee and employer contribution amounts payable under this section. ~~Interest must be~~
 63.4 ~~computed at a rate of 8.5 percent~~ at the applicable annual rate or rates specified in section
 63.5 356.59, subdivision 4, compounded annually, from the end of each fiscal year of the leave
 63.6 or the break in service to the end of the month in which the payment is received.

63.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

63.8 Sec. 29. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

63.9 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
 63.10 employee and employer contribution amounts payable under this section. Interest must be
 63.11 computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable
 63.12 annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from
 63.13 the end of each fiscal year of the leave or break in service to the end of the month in which
 63.14 payment is received.

63.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

63.16 Sec. 30. Minnesota Statutes 2016, section 354A.096, is amended to read:

63.17 **354A.096 MEDICAL LEAVE.**

63.18 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 63.19 Association who is on an authorized medical leave of absence and subsequently returns to
 63.20 teaching service is entitled to receive allowable service credit, not to exceed one year, for
 63.21 the period of leave, upon making the prescribed payment to the fund. This payment must
 63.22 include the required employee and employer contributions at the rates specified in section
 63.23 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary
 63.24 rate on the date the leave of absence commenced plus ~~annual~~ interest at the ~~rate of 8.5~~
 63.25 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or
 63.26 rates specified in section 356.59, subdivision 5, compounded annually, from the end of the
 63.27 fiscal year during which the leave terminates to the end of the month during which payment
 63.28 is made. The member must pay the total amount required unless the employing unit, at its
 63.29 option, pays the employer contributions. The total amount required must be paid by the end
 63.30 of the fiscal year following the fiscal year in which the leave of absence terminated or before
 63.31 the member retires, whichever is earlier. Payment must be accompanied by a copy of the
 63.32 resolution or action of the employing authority granting the leave and the employing

64.1 authority, upon granting the leave, must certify the leave to the association in a manner
 64.2 specified by the executive director. A member may not receive more than one year of
 64.3 allowable service credit during any fiscal year by making payment under this section. A
 64.4 member may not receive disability benefits under section 354A.36 and receive allowable
 64.5 service credit under this section for the same period of time.

64.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

64.7 Sec. 31. Minnesota Statutes 2016, section 354A.12, subdivision 1a, is amended to read:

64.8 Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions
 64.9 are not deducted from the salary of a teacher, payment of the shortage in such deductions
 64.10 is the sole obligation of the employing unit during the three-year period following the end
 64.11 of the fiscal year in which the shortage occurred. The shortage is payable by the employing
 64.12 unit upon notification of the shortage by the executive director of the applicable retirement
 64.13 fund association. The employing unit shall also pay any employer contributions related to
 64.14 the shortage. The amount of the shortage in employee contributions and associated employer
 64.15 contributions is payable with interest at the ~~preretirement interest assumption for the~~
 64.16 ~~retirement fund as specified in section 356.215, subdivision 8, stated as a monthly rate~~
 64.17 applicable annual rate or rates specified in section 356.59, subdivision 5, from the date due
 64.18 until the date payment is received in the office of the association, compounded annually,
 64.19 with a minimum interest charge of \$10. If the shortage payment and interest is not paid by
 64.20 the employing unit within 60 days of notification, the executive director shall certify the
 64.21 amount of the shortage payment and interest to the commissioner of management and budget,
 64.22 who shall deduct the amount from any state aid or appropriation amount applicable to the
 64.23 employing unit.

64.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

64.25 Sec. 32. Minnesota Statutes 2016, section 354A.12, subdivision 7, is amended to read:

64.26 Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers,
 64.27 within the time period specified in subdivision 8 following the payment of a refund or the
 64.28 accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit
 64.29 overpayment has occurred due to using invalid service or salary, or due to any erroneous
 64.30 calculation procedure, the executive director must recalculate the annuity or benefit payable
 64.31 and recover any overpayment. The executive director shall recover the overpayment by
 64.32 requiring direct repayment or by suspending or reducing the payment of a retirement annuity
 64.33 or other benefit payable under this chapter to the applicable person or the person's estate,

65.1 whichever applies, until all outstanding amounts have been recovered. If a benefit
65.2 overpayment or improper payment of benefits occurred caused by a failure of the person
65.3 to satisfy length of separation requirements for retirement under section 354A.011,
65.4 subdivision 21, the executive director shall recover the improper payments by requiring
65.5 direct repayment. The repayment must include interest at the ~~rate of 0.71 percent per month~~
65.6 applicable annual rate or rates specified in section 356.59, subdivision 5, from the first of
65.7 the month in which a monthly benefit amount was paid to the first of the month in which
65.8 the amount is repaid, with annual compounding.

65.9 (b) In the event the executive director determines that an overpaid annuity or benefit
65.10 that is the result of invalid salary included in the average salary used to calculate the payment
65.11 amount must be recovered, the executive director must determine the amount of the employee
65.12 deductions taken in error on the invalid salary, with interest as determined under 354A.37,
65.13 subdivision 3, and must subtract that amount from the total annuity or benefit overpayment,
65.14 and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

65.15 (c) If the invalid employee deductions plus interest exceed the amount of the overpaid
65.16 benefits, the balance must be refunded to the person to whom the benefit or annuity is being
65.17 paid.

65.18 (d) Any invalid employer contributions reported on the invalid salary must be credited
65.19 against future contributions payable by the employer.

65.20 (e) If a member or former member, who is receiving a retirement annuity or disability
65.21 benefit for which an overpayment is being recovered, dies before recovery of the overpayment
65.22 is completed and an optional annuity or refund is payable, the remaining balance of the
65.23 overpaid annuity or benefit must continue to be recovered from the payment to the optional
65.24 annuity beneficiary or refund recipient.

65.25 (f) The board of trustees shall adopt policies directing the period of time and manner
65.26 for the collection of any overpaid retirement or optional annuity, and survivor or disability
65.27 benefit, or a refund that the executive director determines must be recovered as provided
65.28 under this section.

65.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

65.30 Sec. 33. Minnesota Statutes 2016, section 354A.34, is amended to read:

65.31 **354A.34 DISPOSITION OF UNPAID PERIOD CERTAIN FOR LIFE OR**
65.32 **GUARANTEED REFUND OPTIONAL ANNUITIES.**

66.1 If a retiree from a coordinated program who has elected a period certain and for life
 66.2 thereafter or a guaranteed refund optional annuity form dies without having a designated
 66.3 beneficiary who has survived the retiree, any remaining unpaid guaranteed annuity payments
 66.4 shall be computed at the rate of interest specified in section 356.215, subdivision 8, and
 66.5 paid in one lump sum to the estate of the retiree. If a retiree from a coordinated program
 66.6 who has elected a period certain and for life or a guaranteed refund optional annuity form
 66.7 dies with a designated beneficiary who has survived the retiree but the designated beneficiary
 66.8 dies without there existing another designated beneficiary, any remaining unpaid guaranteed
 66.9 annuity payments shall be computed ~~at the rate of~~ with interest at the applicable annual rate
 66.10 or rates specified in section ~~356.215, subdivision 8~~ 356.59, subdivision 5, and paid in one
 66.11 lump sum to the estate of the designated beneficiary.

66.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

66.13 Sec. 34. Minnesota Statutes 2016, section 356.195, subdivision 2, is amended to read:

66.14 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a plan
 66.15 specified in subdivision 1 may purchase allowable service credit in the applicable plan for
 66.16 any period of time during which the employee was on a public employee strike without
 66.17 pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary
 66.18 deductions as specified in paragraph (b) or (c), whichever applies. The employing unit, at
 66.19 its option, may pay the employer portion of the amount specified in paragraph (b) on behalf
 66.20 of its employees.

66.21 (b) If payment is received by the applicable pension plan executive director within one
 66.22 year from the end of the strike, the payment amount is equal to the applicable employee
 66.23 and employer contribution rates specified in law for the applicable plan during the strike
 66.24 period, applied to the employee's rate of salary in effect at the conclusion of the strike for
 66.25 the period of the strike without pay, plus compound interest at the ~~monthly rate of 0.71~~
 66.26 ~~percent for any period for the Teachers Retirement Association and at the monthly rate of~~
 66.27 ~~0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan~~
 66.28 ~~listed in section 356.30, subdivision 3~~ applicable monthly rate or rates specified in section
 66.29 356.59, subdivision 2, 3, 4, or 5, whichever applies, from the last day of the strike period
 66.30 until the date payment is received.

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

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

67.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

67.2 Sec. 35. Minnesota Statutes 2016, section 356.44, is amended to read:

67.3 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

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

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

67.10 (c) The cost of the partial refund repayment is the product of the cost of the total
67.11 repayment multiplied by the ratio of the restored service credit to the total forfeited service
67.12 credit. The total repayment amount includes interest at the ~~annual rate of 8.5 percent for~~
67.13 ~~any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015,~~
67.14 ~~and eight percent thereafter for any other retirement plan listed in section 356.30, subdivision~~
67.15 ~~3 at the applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5,~~
67.16 whichever applies, compounded annually, from the refund date to the date repayment is
67.17 received.

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

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

67.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

67.25 Sec. 36. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

67.26 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable
67.27 service credit, the eligible person under subdivision 1 shall pay the required member
67.28 contribution amount. The required member contribution amount is the member contribution
67.29 rate or rates in effect for the pension plan during the period of service covered by the back
67.30 pay award, applied to the unpaid gross salary amounts of the back pay award including
67.31 unemployment insurance, workers' compensation, or wages from other sources which
67.32 reduced the back award. No contributions may be made under this clause for compensation

68.1 covered by a public pension plan listed in section 356.30, subdivision 3, for employment
 68.2 during the removal period. The person shall pay the required member contribution amount
 68.3 within 60 days of the date of receipt of the back pay award or within 60 days of a billing
 68.4 from the retirement fund, whichever is later.

68.5 (b) The public employer who wrongfully discharged the public employee must pay an
 68.6 employer contribution on the back pay award. The employer contribution must be based
 68.7 on the employer contribution rate or rates in effect for the pension plan during the period
 68.8 of service covered by the back pay award, applied to the salary amount on which the member
 68.9 contribution amount was determined under paragraph (a). ~~Interest on both the required
 68.10 member and employer contribution amount must be paid by the employer at the annual
 68.11 compound rate of 8.5 percent for any period for the Teachers Retirement Association and
 68.12 8.5 percent until June 30, 2015, and eight percent thereafter, for any other retirement plan
 68.13 listed in section 356.30, subdivision 3, per year, expressed monthly~~ The employer must pay
 68.14 compound interest on both the required member and employer contribution amounts at the
 68.15 applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5,
 68.16 whichever applies, between the date the contribution amount would have been paid to the
 68.17 date of actual payment. The employer payment must be made within 30 days of the payment
 68.18 under paragraph (a).

68.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

68.20 Sec. 37. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

68.21 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph
 68.22 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial
 68.23 present value, on the date of payment, as calculated by the chief administrative officer of
 68.24 the pension plan and reviewed by the actuary retained under section 356.214, of the amount
 68.25 of the additional retirement annuity obtained by the acquisition of the additional service
 68.26 credit in this section.

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

69.1 increases at the applicable salary increase rate for the plan specified in section 356.215,
69.2 subdivision ~~4d~~ 8.

69.3 (c) The prior service credit purchase amount may not be less than the amount determined
69.4 by applying, for each year or fraction of a year being purchased, the sum of the employee
69.5 contribution rate, the employer contribution rate, and the additional employer contribution
69.6 rate, if any, applicable during that period, to the person's annual salary during that period,
69.7 or fractional portion of a year's salary, if applicable, plus interest at the ~~annual rate of 8.5~~
69.8 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates
69.9 specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded
69.10 annually, from the end of the year in which contributions would otherwise have been made
69.11 to the date on which the payment is received.

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

69.16 (e) However, the current employer or the prior employer may, at its discretion, pay all
69.17 or any portion of the payment amount that exceeds an amount equal to the employee
69.18 contribution rates in effect during the period or periods of prior service applied to the actual
69.19 salary rates in effect during the period or periods of prior service, plus interest at the
69.20 applicable annual rate of 8.5 percent a year or rates specified in section 356.59, subdivision
69.21 2, 3, 4, or 5, whichever applies, compounded annually, from the date on which the
69.22 contributions would otherwise have been made to the date on which the payment is made.
69.23 If the employer agrees to payments under this subdivision, the purchaser must make the
69.24 employee payments required under this subdivision within 90 days of the prior service credit
69.25 authorization. If that employee payment is made, the employer payment under this
69.26 subdivision must be remitted to the chief administrative officer of the public pension plan
69.27 within 60 days of receipt by the chief administrative officer of the employee payments
69.28 specified under this subdivision.

69.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

69.30 Sec. 38. **[356.59] INTEREST RATES.**

69.31 **Subdivision 1. Applicable interest rates.** Whenever the payment of interest is required
69.32 with respect to any payment, including refunds, remittances, shortages, contributions, or
69.33 repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each
69.34 public retirement plan.

70.1 Subd. 2. Minnesota State Retirement System. The interest rates for all retirement plans
70.2 administered by the Minnesota State Retirement System are as follows:

	<u>Annual</u>	<u>Monthly</u>
70.3 <u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
70.4 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
70.5 <u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

70.7 Subd. 3. Public Employees Retirement Association. The interest rates for all retirement
70.8 plans administered by the Public Employees Retirement Association are as follows:

70.9 <u>before July 1, 2015</u>	<u>8.5 percent</u>
70.10 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>
70.11 <u>after June 30, 2017</u>	<u>7.5 percent</u>

70.12 Subd. 4. Teachers Retirement Association. The interest rates for the retirement plan
70.13 administered by the Teachers Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
70.14	<u>8.5 percent</u>	<u>0.71 percent</u>

70.16 Subd. 5. St. Paul Teachers Retirement Fund Association. The interest rates for the
70.17 retirement plan administered by the St. Paul Teachers Retirement Fund Association are as
70.18 follows:

	<u>Annual</u>	<u>Monthly</u>
70.19 <u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
70.20 <u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
70.21 <u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

70.23 EFFECTIVE DATE. This section is effective July 1, 2017.

70.24 Sec. 39. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

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

70.31 (b) "Allowable service" also means a period of authorized leave of absence for which
70.32 the judge has made a payment in lieu of contributions, not in an amount in excess of the
70.33 service credit limit under subdivision 22. To obtain the service credit, the judge shall pay

71.1 an amount equal to the normal cost of the judges retirement plan on the date of return from
 71.2 the leave of absence, as determined in the most recent actuarial report for the plan filed with
 71.3 the Legislative Commission on Pensions and Retirement, multiplied by the judge's average
 71.4 monthly salary rate during the authorized leave of absence and multiplied by the number
 71.5 of months of the authorized leave of absence, plus ~~annual compound interest at the rate of~~
 71.6 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the applicable annual
 71.7 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
 71.8 of the termination of the leave to the date on which payment is made. The payment must
 71.9 be made within one year of the date on which the authorized leave of absence terminated.
 71.10 Service credit for an authorized leave of absence is in addition to a uniformed service leave
 71.11 under section 490.1211.

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

71.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

71.14 Sec. 40. Minnesota Statutes 2016, section 490.1211, is amended to read:

71.15 **490.1211 UNIFORMED SERVICE.**

71.16 (a) A judge who is absent from employment by reason of service in the uniformed
 71.17 services, as defined in United States Code, title 38, section 4303(13), and who returns to
 71.18 state employment as a judge upon discharge from service in the uniformed service within
 71.19 the time frame required in United States Code, title 38, section 4312(e), may obtain service
 71.20 credit for the period of the uniformed service, provided that the judge did not separate from
 71.21 uniformed service with a dishonorable or bad conduct discharge or under other than honorable
 71.22 conditions.

71.23 (b) The judge may obtain credit by paying into the fund equivalent member contribution
 71.24 based on the contribution rate or rates in effect at the time that the uniformed service was
 71.25 performed multiplied by the full and fractional years being purchased and applied to the
 71.26 annual salary rate. The annual salary rate is the average annual salary during the purchase
 71.27 period that the judge would have received if the judge had continued to provide employment
 71.28 services to the state rather than to provide uniformed service, or if the determination of that
 71.29 rate is not reasonably certain, the annual salary rate is the judge's average salary rate during
 71.30 the 12-month period of judicial employment rendered immediately preceding the purchase
 71.31 period.

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

72.1 additional contribution rate or rates in effect at the time that the uniformed service was
 72.2 performed, applied to the same annual salary rate or rates used to compute the equivalent
 72.3 member contribution.

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

72.9 (e) To receive allowable service credit under this section, the contributions specified in
 72.10 this section and section 490.121 must be transmitted to the fund during the period which
 72.11 begins with the date on which the individual returns to judicial employment and which has
 72.12 a duration of three times the length of the uniformed service period, but not to exceed five
 72.13 years. If the determined payment period is calculated to be less than one year, the
 72.14 contributions required under this section to receive service credit may be within one year
 72.15 from the discharge date.

72.16 (f) The amount of allowable service credit obtainable under this section and section
 72.17 490.121 may not exceed five years, unless a longer purchase period is required under United
 72.18 States Code, title 38, section 4312.

72.19 (g) The state court administrator shall pay interest on all equivalent member and employer
 72.20 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~
 72.21 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or
 72.22 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each
 72.23 fiscal year of the leave or break in service to the end of the month in which payment is
 72.24 received.

72.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

72.26 Sec. 41. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

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

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

72.32 (c) A person who becomes a judge again after taking a refund under paragraph (a) may
 72.33 reinstate the previously terminated allowable service credit, rights, and benefits by repaying

73.1 the total amount of the previously received refund. The refund repayment must include
 73.2 interest ~~on the total amount previously received at the annual rate of 8.5 percent until June~~
 73.3 ~~30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in
 73.4 section 356.59, subdivision 2, compounded annually, from the date on which the refund
 73.5 was received until the date on which the refund is repaid.

73.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

73.7 **ARTICLE 7**

73.8 **CONTRIBUTION RATES**

73.9 Section 1. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

73.10 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be
 73.11 equal to the following percent of salary:

73.12	from July 1, 2010, to June 30, 2014	5
73.13	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	<u>5.5</u>
73.14	<u>from July 1, 2017, to June 30, 2018</u>	<u>5.75</u>
73.15	<u>after June 30, 2018</u>	<u>6</u>

73.16 (b) These contributions must be made by deduction from salary as provided in subdivision
 73.17 4.

73.18 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 73.19 first full pay period after the effective date of the increase.

73.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

73.21 Sec. 2. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

73.22 Subd. 3. **Employer contributions.** (a) The employer contribution to the fund must be
 73.23 equal to the following percent of salary:

73.24	from July 1, 2010, to June 30, 2014	5
73.25	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	<u>5.5</u>
73.26	<u>from July 1, 2017, to June 30, 2018</u>	<u>5.875</u>
73.27	<u>after June 30, 2018</u>	<u>6.25</u>

73.28 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
 73.29 first full pay period after the effective date of the increase.

73.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.1 Sec. 3. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

74.2 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered
74.3 correctional employees must be in an amount equal to the following percent of salary:

74.4	from July 1, 2010, to June 30, 2014	8.6
74.5	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	9.1
74.6	<u>after June 30, 2017</u>	<u>9.6</u>

74.7 (b) These contributions must be made by deduction from salary as provided in section
74.8 352.04, subdivision 4.

74.9 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
74.10 first full pay period after the effective date of the increase.

74.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.12 Sec. 4. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

74.13 Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered
74.14 correctional employees an amount equal to the following percent of salary:

74.15	from July 1, 2010, to June 30, 2014	12.1
74.16	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	12.85
74.17	<u>after June 30, 2017</u>	<u>14.4</u>

74.18 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
74.19 first full pay period after the effective date of the increase.

74.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.21 Sec. 5. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to
74.22 read:

74.23 **Subd. 2a. Supplemental employer contribution.** (a) Effective July 1, 2018, the employer
74.24 shall pay a supplemental contribution. The supplemental contribution shall be 1.45 percent
74.25 of salary for covered correctional employees from July 1, 2018, through June 30, 2019;
74.26 2.95 percent of salary for covered correctional employees from July 1, 2019, through June
74.27 30, 2020; and 4.45 percent of salary for covered correctional employees thereafter. The
74.28 supplemental contribution rate of 4.45 percent shall remain in effect until the market value
74.29 of the assets of the correctional state employees retirement plan of the Minnesota State
74.30 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined
74.31 by the actuary retained under section 356.214. The expiration of the supplemental employer

75.1 contribution is effective the first day of the first full pay period of the fiscal year immediately
 75.2 following the issuance of the actuarial valuation upon which the expiration is based.

75.3 (b) The supplemental contribution under paragraph (a) must be paid starting the first
 75.4 day of the first full pay period after the effective date.

75.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

75.6 Sec. 6. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

75.7 Subd. 1a. **Member contributions.** (a) The member contribution is the following
 75.8 percentage of the member's salary:

75.9	(1) before the first day of the first pay period beginning	
75.10	after July 1, 2014	12.4 percent
75.11	(2) on or after the first day of the first pay period	
75.12	beginning after <u>from</u> July 1, 2014, to June 30, 2016	13.4 percent
75.13	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
75.14	<u>2017</u>	14.4 percent
75.15	<u>from July 1, 2017, to June 30, 2019</u>	<u>14.9</u>
75.16	<u>after June 30, 2019</u>	<u>15.4</u>

75.17 (b) These contributions must be made by deduction from salary as provided in section
 75.18 352.04, subdivision 4.

75.19 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 75.20 first full pay period after the effective date of the increase.

75.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

75.22 Sec. 7. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

75.23 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In
 75.24 addition to member contributions, department heads shall pay a sum equal to the specified
 75.25 percentage of the salary upon which deductions were made, which constitutes the employer
 75.26 contribution to the fund as follows:

75.27	(1) before the first day of the first pay period beginning	
75.28	after July 1, 2014	18.6 percent
75.29	(2) on or after the first day of the first pay period	
75.30	beginning after <u>from</u> July 1, 2014, to June 30, 2016	20.1 percent
75.31	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
75.32	<u>2017</u>	21.6 percent
75.33	<u>from July 1, 2017, to June 30, 2018</u>	<u>22.35</u>
75.34	<u>after June 30, 2018</u>	<u>23.1</u>

76.1 (b) Department contributions must be paid out of money appropriated to departments
76.2 for this purpose.

76.3 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
76.4 first full pay period after the effective date of the increase.

76.5 (d) Effective July 1, 2017, department heads shall pay a supplemental employer
76.6 contribution. The supplemental contribution shall be 1.75 percent of the salary upon which
76.7 deductions are made from July 1, 2017, through June 30, 2018; three percent of the salary
76.8 upon which deductions are made from July 1, 2018, through June 30, 2019; five percent of
76.9 the salary which deductions are made from July 1, 2019, through June 30, 2020; and seven
76.10 percent of the salary upon which deductions are made thereafter. The supplemental
76.11 contribution must be paid starting the first day of the first full pay period after the effective
76.12 date. The supplemental contribution rate of seven percent shall remain in effect until the
76.13 market value of the assets of the State Patrol retirement plan of the Minnesota State
76.14 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined
76.15 by the actuary retained under section 356.214. The expiration of the supplemental employer
76.16 contribution is effective the first day of the first full pay period of the fiscal year immediately
76.17 following the issuance of the actuarial valuation upon which the expiration is based.

76.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

76.19 Sec. 8. Minnesota Statutes 2016, section 352D.04, subdivision 2, is amended to read:

76.20 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section
76.21 is the employee and employer contributions provided in this subdivision.

76.22 (b) The employee contribution is an amount equal to the 5.5 percent of salary ~~specified~~
76.23 ~~in section 352.04, subdivision 2, or 352.045, subdivision 3a.~~

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

76.25 (d) For members of the legislature, the contributions under this subdivision also must
76.26 be made on per diem payments received during a regular or special legislative session, but
76.27 may not be made on per diem payments received outside of a regular or special legislative
76.28 session, on the additional compensation attributable to a leadership position under section
76.29 3.099, subdivision 3, living expense payments under section 3.101, or special session living
76.30 expense payments under section 3.103.

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

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

77.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

77.4 Sec. 9. Minnesota Statutes 2016, section 353.65, subdivision 2, is amended to read:

77.5 Subd. 2. **Employee contribution.** (a) For members other than members who were active
77.6 members of the former Minneapolis Firefighters Relief Association on December 29, 2011,
77.7 or for members other than members who were active members of the former Minneapolis
77.8 Police Relief Association on December 29, 2011, the employee contribution is an amount
77.9 equal to the following percentage of the total salary of each member, as follows: ~~9.6 percent~~
77.10 ~~before calendar year 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar~~
77.11 ~~year 2015 and thereafter.~~

77.12	<u>before January 1, 2018</u>	<u>10.8 percent</u>
77.13	<u>from January 1, 2018, through December 31, 2018</u>	<u>11.3 percent</u>
77.14	<u>from January 1, 2019, and thereafter</u>	<u>11.8 percent</u>

77.15 (b) For members who were active members of the former Minneapolis Firefighters Relief
77.16 Association on December 29, 2011, the employee contribution is an amount equal to eight
77.17 percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80
77.18 and expressed as a biweekly amount for each member. The employee contribution made
77.19 by a member with at least 25 years of service credit as an active member of the former
77.20 Minneapolis Firefighters Relief Association must be deposited in the postretirement health
77.21 care savings account established under section 352.98.

77.22 (c) For members who were active members of the former Minneapolis Police Relief
77.23 Association on December 29, 2011, the employee contribution is an amount equal to eight
77.24 percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80
77.25 and expressed as a biweekly amount for each member. The employee contribution made
77.26 by a member with at least 25 years of service credit as an active member of the former
77.27 Minneapolis Police Relief Association must be deposited in the postretirement health care
77.28 savings account established under section 352.98.

77.29 (d) Contributions under this section must be made by deduction from salary in the manner
77.30 provided in subdivision 4. Where any portion of a member's salary is paid from other than
77.31 public funds, the member's employee contribution is based on the total salary received from
77.32 all sources.

77.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

78.1 Sec. 10. Minnesota Statutes 2016, section 353.65, subdivision 3, is amended to read:

78.2 Subd. 3. **Employer contribution.** (a) With respect to members other than members who
 78.3 were active members of the former Minneapolis Firefighters Relief Association on December
 78.4 29, 2011, or for members other than members who were active members of the former
 78.5 Minneapolis Police Relief Association on December 29, 2011, the employer contribution
 78.6 is an amount equal to the following percentage of the total salary of each member, as follows:
 78.7 ~~14.4 percent before calendar year 2014; 15.3 percent in calendar year 2014; and 16.2 percent~~
 78.8 ~~in calendar year 2015 and thereafter.~~

78.9	<u>before January 1, 2018</u>	<u>16.2 percent</u>
78.10	<u>from January 1, 2018, through December 31, 2018</u>	<u>16.95 percent</u>
78.11	<u>from January 1, 2019, and thereafter</u>	<u>17.7 percent</u>

78.12 (b) With respect to members who were active members of the former Minneapolis
 78.13 Firefighters Relief Association on December 29, 2011, the employer contribution is an
 78.14 amount equal to the amount of the member contributions under subdivision 2, paragraph
 78.15 (b).

78.16 (c) With respect to members who were active members of the former Minneapolis Police
 78.17 Relief Association on December 29, 2011, the employer contribution is an amount equal
 78.18 to the amount of the member contributions under subdivision 2, paragraph (c).

78.19 (d) Contributions under this subdivision must be made from funds available to the
 78.20 employing subdivision by the means and in the manner provided in section 353.28.

78.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

78.22 Sec. 11. Minnesota Statutes 2016, section 354A.12, subdivision 1, is amended to read:

78.23 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by
 78.24 each member of the St. Paul Teachers Retirement Fund Association is the percentage of
 78.25 total salary specified below for the applicable association and program:

78.26	Program	Percentage of Total Salary
78.27	St. Paul Teachers Retirement Fund Association	
78.28	basic program after June 30, 2014	9 percent
78.29	basic program after June 30, 2015	9.5 percent
78.30	basic program after June 30, 2016	10 percent
78.31	<u>basic program after June 30, 2021</u>	<u>10.25 percent</u>
78.32	coordinated program after June 30, 2014	6.5 percent
78.33	coordinated program after June 30, 2015	7 percent

79.1	coordinated program after June 30, 2016	7.5 percent
79.2	<u>coordinated program after June 30, 2021</u>	<u>7.75 percent</u>

79.3 (b) Contributions must be made by deduction from salary and must be remitted directly
 79.4 to the St. Paul Teachers Retirement Fund Association at least once each month.

79.5 (c) When an employee contribution rate changes for a fiscal year, the new contribution
 79.6 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

79.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

79.8 Sec. 12. Minnesota Statutes 2016, section 354A.12, subdivision 2a, is amended to read:

79.9 Subd. 2a. **Employer regular and additional contributions.** (a) The employing units
 79.10 shall make the following employer contributions to the teachers retirement fund association:

79.11 (1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund
 79.12 Association, the employing unit shall make a regular employer contribution to the retirement
 79.13 fund association in an amount equal to the designated percentage of the salary of the
 79.14 coordinated member as provided below:

79.15	after June 30, 2014	5.5 percent
79.16	after June 30, 2015	6 percent
79.17	after June 30, 2016	6.25 percent
79.18	after June 30, 2017	6.5 <u>7</u> percent
79.19	<u>after June 30, 2018</u>	<u>7.75 percent</u>
79.20	<u>after June 30, 2019</u>	<u>8.25 percent</u>
79.21	<u>after June 30, 2020</u>	<u>9 percent</u>

79.22 (2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association,
 79.23 the employing unit shall make a regular employer contribution to the respective retirement
 79.24 fund in an amount according to the schedule below:

79.25	after June 30, 2014	9 percent of salary
79.26	after June 30, 2015	9.5 percent of salary
79.27	after June 30, 2016	9.75 percent of salary
79.28	after June 30, 2017	10 <u>10.5</u> percent of salary
79.29	<u>after June 30, 2018</u>	<u>11.25 percent of salary</u>
79.30	<u>after June 30, 2019</u>	<u>11.75 percent of salary</u>
79.31	<u>after June 30, 2020</u>	<u>12.5 percent of salary</u>

80.1 (3) for a each basic member of the St. Paul Teachers Retirement Fund Association, the
 80.2 employing unit shall make an additional employer contribution to the respective fund in an
 80.3 amount equal to 3.64 percent of the salary of the basic member;

80.4 (4) for a each coordinated member of the St. Paul Teachers Retirement Fund Association,
 80.5 the employing unit shall make an additional employer contribution to the respective fund
 80.6 in an amount equal to 3.84 percent of the coordinated member's salary.

80.7 (b) The regular and additional employer contributions must be remitted directly to the
 80.8 St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts
 80.9 are payable with interest under the procedure in subdivision 1a.

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

80.13 (d) When an employer contribution rate changes for a fiscal year, the new contribution
 80.14 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

80.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

80.16 **ARTICLE 8**

80.17 **DIRECT STATE AID**

80.18 Section 1. Minnesota Statutes 2016, section 353.65, is amended by adding a subdivision
 80.19 to read:

80.20 Subd. 3b. **Direct state aid.** The state shall pay \$4,500,000 on October 1, 2017, and
 80.21 October 1, 2018, to the public employees police and fire retirement plan. By October 1 of
 80.22 each year after 2018, the state shall pay to the public employees police and fire retirement
 80.23 plan \$9,000,000. The commissioner of management and budget shall pay the aid specified
 80.24 in this subdivision. The amount required is appropriated annually from the general fund to
 80.25 the commissioner of management and budget.

80.26 Sec. 2. Minnesota Statutes 2016, section 354A.12, subdivision 3a, is amended to read:

80.27 Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.**

80.28 (a) The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

80.29 (b) In addition to other amounts specified in this subdivision, the state shall pay
 80.30 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

81.1 (c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay
 81.2 \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

81.3 ~~(e)~~ (d) The aid under this subdivision is payable October 1 annually. The commissioner
 81.4 of management and budget shall pay the aid specified in this subdivision. The amount
 81.5 required is appropriated annually from the general fund to the commissioner of management
 81.6 and budget.

81.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

81.8 **ARTICLE 9**

81.9 **MINNESOTA STATE RETIREMENT SYSTEM** 81.10 **ADMINISTRATIVE PROVISIONS**

81.11 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

81.12 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision
 81.13 1 and who is no longer a member of the legislature is entitled to receive, upon written
 81.14 application to the executive director on a form prescribed by the executive director, a refund
 81.15 from the general fund of all contributions credited to the member's account with interest
 81.16 computed as provided in section 352.22, subdivision 2.

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

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

81.22 (d) However, the member may reinstate the rights and credit for service previously
 81.23 forfeited under this chapter if the member repays all refunds taken, plus interest at the rate
 81.24 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from
 81.25 the date on which the refund was taken to the date on which the refund is repaid. Repayment
 81.26 must be made as provided in section 352.23, paragraph (d).

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

81.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.1 Sec. 2. Minnesota Statutes 2016, section 3A.03, subdivision 3, is amended to read:

82.2 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
82.3 retirement fund, is created within the state treasury. The legislators retirement fund must
82.4 be credited with any investment proceeds on the assets of the retirement fund.

82.5 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated from
82.6 the legislators retirement fund.

82.7 (c) The legislators retirement fund may receive transfers of general fund proceeds.

82.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.9 Sec. 3. Minnesota Statutes 2016, section 16A.14, subdivision 2a, is amended to read:

82.10 Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

82.11 (1) appropriations for the courts or the legislature;

82.12 (2) payment of unemployment benefits; and

82.13 (3) transactions within the defined contribution funds administered by the Minnesota
82.14 State Retirement System.

82.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.16 Sec. 4. Minnesota Statutes 2016, section 352.01, subdivision 2a, is amended to read:

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

82.18 (1) employees of the Minnesota Historical Society;

82.19 (2) employees of the State Horticultural Society;

82.20 (3) employees of the Minnesota Crop Improvement Association;

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

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

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

82.28 (7) employees of the legislature who are appointed without a limit on the duration of
82.29 their employment;

- 83.1 (8) trainees who are employed on a full-time established training program performing
83.2 the duties of the classified position for which they will be eligible to receive immediate
83.3 appointment at the completion of the training period;
- 83.4 (9) employees of the Minnesota Safety Council;
- 83.5 (10) any employees who are on authorized leave of absence from the Transit Operating
83.6 Division of the former Metropolitan Transit Commission and who are employed by the
83.7 labor organization which is the exclusive bargaining agent representing employees of the
83.8 Transit Operating Division;
- 83.9 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
83.10 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control
83.11 Commission unless excluded under subdivision 2b or are covered by another public pension
83.12 fund or plan under section 473.415, subdivision 3;
- 83.13 (12) judges of the Tax Court;
- 83.14 (13) personnel who were employed on June 30, 1992, by the University of Minnesota
83.15 in the management, operation, or maintenance of its heating plant facilities, whose
83.16 employment transfers to an employer assuming operation of the heating plant facilities, so
83.17 long as the person is employed at the University of Minnesota heating plant by that employer
83.18 or by its successor organization;
- 83.19 (14) personnel who are employed as seasonal employees in the classified or unclassified
83.20 service;
- 83.21 (15) persons who are employed by the Department of Commerce as a peace officer in
83.22 the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory
83.23 retirement age specified in section 43A.34, subdivision 4;
- 83.24 (16) employees of the University of Minnesota unless excluded under subdivision 2b,
83.25 clause (3);
- 83.26 (17) employees of the Middle Management Association whose employment began after
83.27 July 1, 2007, and to whom section 352.029 does not apply;
- 83.28 (18) employees of the Minnesota Government Engineers Council to whom section
83.29 352.029 does not apply;
- 83.30 (19) employees of the Minnesota Sports Facilities Authority;
- 83.31 (20) employees of the Minnesota Association of Professional Employees;
- 83.32 (21) employees of the Minnesota State Retirement System;

84.1 (22) employees of the State Agricultural Society;

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

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

84.6 (25) employees of the Perpich Center for Arts Education who are covered by the general
84.7 state employees retirement plan of the Minnesota State Retirement System as of July 1,
84.8 2016.

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

84.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

84.16 Sec. 5. Minnesota Statutes 2016, section 352.03, subdivision 5, is amended to read:

84.17 Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board
84.18 shall appoint an executive director, in this chapter called the director, of the system must
84.19 be appointed by the board on the basis of fitness education, experience in the retirement
84.20 field, and leadership ability to manage and lead system staff, and ability to assist the board
84.21 in setting a vision for the system. The director must have had at least five years' experience
84.22 on the administrative staff of a major retirement system in either an executive level
84.23 management position or in a position with responsibility for the governance, management,
84.24 or administration of a retirement plan.

84.25 (b) The executive director, deputy director, and assistant director must be in the
84.26 unclassified service but appointees may be selected from civil service lists if desired.
84.27 Notwithstanding any law to the contrary, the board must set the salary of the executive
84.28 director. The salary of the executive director must not exceed the limit for a position listed
84.29 in section 15A.0815, subdivision 2. The salary of the deputy director and assistant director
84.30 must be set in accordance with section 43A.18, subdivision 3.

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

85.1 Sec. 6. Minnesota Statutes 2016, section 352.03, subdivision 6, is amended to read:

85.2 Subd. 6. **Duties and powers of executive director.** The management of the system is
 85.3 vested in the director, who is the executive and administrative head of the system. The
 85.4 director may appoint a deputy director and an assistant director with the approval of the
 85.5 board. The director shall be advisor to the board on matters pertaining to the system and
 85.6 shall also act as the secretary of the board. The director shall:

85.7 (1) attend meetings of the board;

85.8 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

85.9 (3) establish and maintain an adequate system of records and accounts following
 85.10 recognized accounting principles and controls;

85.11 ~~(4) designate an assistant director with the approval of the board;~~

85.12 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to
 85.13 carry out the provisions of this chapter;

85.14 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the
 85.15 functions of the system, and define the duties of its employees and delegate to them any
 85.16 powers or duties, subject to the control of the director and under conditions the director may
 85.17 prescribe. Appointments to exercise delegated power must be by written order and shall be
 85.18 filed with the secretary of state;

85.19 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an approved
 85.20 actuary, professional management services, and any other consulting services as necessary
 85.21 and fix the compensation for those services. The contracts are not subject to competitive
 85.22 bidding under chapter 16C. Any approved actuary retained by the executive director shall
 85.23 function as the actuarial advisor of the board and the executive director, and may perform
 85.24 actuarial valuations and experience studies to supplement those performed by the actuary
 85.25 retained under section 356.214. Any supplemental actuarial valuations or experience studies
 85.26 shall be filed with the executive director of the Legislative Commission on Pensions and
 85.27 Retirement. Professional management services may not be contracted for more often than
 85.28 once in six years. Copies of professional management survey reports must be transmitted
 85.29 to the secretary of the senate, the chief clerk of the house of representatives, and the
 85.30 Legislative Reference Library as provided by section 3.195, and to the executive director
 85.31 of the commission at the time as reports are furnished to the board. Only management firms
 85.32 experienced in conducting management surveys of federal, state, or local public retirement
 85.33 systems are qualified to contract with the director;

86.1 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the
86.2 employees of the system;

86.3 ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and to the
86.4 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased
86.5 state employees or deceased former state employees, as provided in this chapter;

86.6 ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees
86.7 covered by the system and authorize payment of the annuities and benefits beginning as of
86.8 the dates on which the annuities and benefits begin to accrue, in accordance with the
86.9 provisions of this chapter;

86.10 ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
86.11 expenses of the system;

86.12 ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

86.13 ~~(13)~~ (12) with the advice and approval of the board request the State Board of Investment
86.14 to sell securities when the director determines that funds are needed for the system;

86.15 ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial report
86.16 covering the operation of the system, as required by section 356.20;

86.17 ~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with the
86.18 approval of the board submit the budgets to the Department of Management and Budget;
86.19 and

86.20 ~~(16)~~ (15) with the approval of the board, perform other duties required to administer the
86.21 retirement and other provisions of this chapter and to do its business.

86.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

86.23 Sec. 7. Minnesota Statutes 2016, section 352.113, subdivision 4, is amended to read:

86.24 Subd. 4. **Medical or psychological examinations; authorization for payment of**
86.25 **benefit.** (a) Any physician, psychologist, chiropractor, ~~or~~ physician assistant, or nurse
86.26 practitioner providing any service specified in this section must be licensed.

86.27 (b) An applicant shall provide a detailed report signed by a physician, and at least one
86.28 additional report signed by a physician, ~~chiropractor,~~ psychologist, ~~or~~ chiropractor, physician
86.29 assistant, or nurse practitioner with evidence to support an application for total and permanent
86.30 disability. The reports must include an expert opinion regarding whether the employee is
86.31 permanently and totally disabled within the meaning of section 352.01, subdivision 17, and

87.1 that the disability arose before the employee was placed on any paid or unpaid leave of
87.2 absence or terminated public service.

87.3 (c) If there is medical evidence that supports the expectation that at some point the person
87.4 applying for the disability benefit will no longer be disabled, the decision granting the
87.5 disability benefit may provide for a termination date upon which the total and permanent
87.6 disability can be expected to no longer exist. When a termination date is part of the decision
87.7 granting benefits, prior to the benefit termination the executive director shall review any
87.8 evidence provided by the disabled employee to show that the disabling condition for which
87.9 benefits were initially granted continues. If the benefits cease, the disabled employee may
87.10 follow the appeal procedures described in section 356.96 or may reapply for disability
87.11 benefits using the process described in this subdivision.

87.12 (d) Any claim to disability must be supported by a report from the employer indicating
87.13 that there is no available work that the employee can perform with the disabling condition
87.14 and that all reasonable accommodations have been considered. Upon request of the executive
87.15 director, an employer shall provide evidence of the steps the employer has taken to attempt
87.16 to provide reasonable accommodations and continued employment to the claimant.

87.17 (e) The director shall also obtain written certification from the employer stating whether
87.18 the employment has ceased or whether the employee is on sick leave of absence because
87.19 of a disability that will prevent further service to the employer and that the employee is not
87.20 entitled to compensation from the employer.

87.21 (f) The medical adviser shall consider the reports of the ~~physicians, physician assistants,~~
87.22 ~~psychologists, and chiropractors~~ physician, psychologist, chiropractor, physician assistant,
87.23 or nurse practitioner and any other evidence supplied by the employee or other interested
87.24 parties. If the medical adviser finds the employee totally and permanently disabled, the
87.25 adviser shall make appropriate recommendation to the director in writing together with the
87.26 date from which the employee has been totally disabled. The director shall then determine
87.27 if the disability occurred ~~within 18 months of filing the application,~~ while still in the
87.28 employment of the state, ~~and the propriety of authorizing payment of a disability benefit as~~
87.29 ~~provided in this section~~ and constitutes a total and permanent disability as defined in section
87.30 352.01, subdivision 17.

87.31 (g) A terminated employee may apply for a disability benefit within 18 months of
87.32 termination as long as the disability occurred while in the employment of the state. The fact
87.33 that an employee is placed on leave of absence without compensation because of disability
87.34 does not bar that employee from receiving a disability benefit.

88.1 (h) Upon appeal, the board of directors may extend the disability benefit application
 88.2 deadline in paragraph (g) by an additional 18 months if the terminated employee is
 88.3 determined by the board of directors to have a cognitive impairment that made it unlikely
 88.4 that the terminated employee understood that there was an application deadline or that the
 88.5 terminated employee was able to meet the application deadline.

88.6 ~~(h)~~ (i) Unless the payment of a disability benefit has terminated because the employee
 88.7 is no longer totally disabled, or because the employee has reached normal retirement age
 88.8 as provided in this section, the disability benefit must cease with the last payment received
 88.9 by the disabled employee or which had accrued during the lifetime of the employee unless
 88.10 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
 88.11 benefit for the calendar month in which the disabled employee died.

88.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

88.13 Sec. 8. Minnesota Statutes 2016, section 352.113, subdivision 14, is amended to read:

88.14 Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all
 88.15 earnings from reemployment and income from workers' compensation to the system annually
 88.16 by May 15 in a format prescribed by the executive director. The executive director may
 88.17 waive the earnings report requirement for any disabled employee who is not required to
 88.18 undergo regular medical or psychological examinations under subdivision 6. If the form is
 88.19 not submitted by June 15, benefits must be suspended effective July 1. If the form deemed
 88.20 acceptable by the executive director is received after the June 15 deadline, benefits shall be
 88.21 reinstated retroactive to July 1.

88.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

88.23 Sec. 9. Minnesota Statutes 2016, section 352.23, is amended to read:

88.24 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

88.25 (a) When any employee accepts a refund as provided in section 352.22, all existing
 88.26 allowable service credits and all rights and benefits to which the employee was entitled
 88.27 before accepting the refund terminate.

88.28 (b) Terminated service credits and rights must not again be restored until the former
 88.29 employee acquires at least six months of allowable service credit after taking the last refund.
 88.30 ~~In that event, the employee may repay~~ and repays all refunds previously taken from the
 88.31 retirement fund with interest as provided in paragraph (d).

89.1 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
 89.2 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
 89.3 under law in effect when the payment in lieu of deductions was made; (3) payments made
 89.4 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
 89.5 allowable service previously credited while receiving temporary workers' compensation as
 89.6 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

89.7 (d) Payments under this section for repayment of refunds are to be paid with interest at
 89.8 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually
 89.9 from the date the refund was taken until the date the refund is repaid. ~~They~~ Repayment may
 89.10 be ~~paid in a lump sum or by payroll deduction in the manner provided in section 352.04.~~
 89.11 Payment may be made in partial payments consistent with section 356.44 during employment
 89.12 or in a lump sum up to six months after termination from service.

89.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

89.14 Sec. 10. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

89.15 Subd. 4. **Reentry into state service.** When a former member, who has become separated
 89.16 from state service that entitled the member to membership and has received a refund of
 89.17 retirement payments, reenters the state service in a position that entitles the member to
 89.18 membership, that member shall receive credit for the period of prior allowable state service
 89.19 if the member repays into the fund the amount of the refund, plus interest on it at the rate
 89.20 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, ~~at~~
 89.21 ~~any time before subsequent retirement. Repayment may be made in installments or in a~~
 89.22 ~~lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

89.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

89.24 Sec. 11. Minnesota Statutes 2016, section 352D.02, subdivision 1, is amended to read:

89.25 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3),
 89.26 (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
 89.27 Metropolitan Council and are eligible for coverage under the general state employees
 89.28 retirement plan under chapter 352, are participants in the unclassified program under this
 89.29 chapter ~~unless the employee gives notice to the executive director of the Minnesota State~~
 89.30 ~~Retirement System within one year following the commencement of employment in the~~
 89.31 ~~unclassified service that the employee desires coverage under the general state employees~~
 89.32 ~~retirement plan. For the purposes of this chapter, an employee who does not file notice with~~

90.1 ~~the executive director is deemed to have exercised the option to participate in the unclassified~~
90.2 ~~program.~~

90.3 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
90.4 program under this chapter unless the person was eligible to elect different coverage under
90.5 section 3A.07 and elected retirement coverage by the applicable alternative retirement plan.
90.6 Persons referenced in paragraph (c), clause (15), are participants in the unclassified program
90.7 under this chapter for judicial employment in excess of the service credit limit in section
90.8 490.121, subdivision 22.

90.9 (c) Enumerated employees and referenced persons are:

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

90.12 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State,
90.13 State Auditor, Attorney General;

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

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

90.18 (5) a member of the legislature;

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

90.24 (7) a person who is employed in a position established under section 43A.08, subdivision
90.25 1, clause (3), or in a position authorized under a statute creating or establishing a department
90.26 or agency of the state, which is at the deputy or assistant head of department or agency or
90.27 director level;

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

90.31 (9) the commissioner, deputy commissioner, and not to exceed nine positions of the
90.32 Minnesota Office of Higher Education in the unclassified service, as designated by the

91.1 Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated
 91.2 with the approval of the board of directors of the Minnesota State Retirement System, unless
 91.3 the person has elected coverage by the individual retirement account plan under chapter
 91.4 354B;

91.5 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
 91.6 Constitution of the state of Minnesota, the state court administrator and judicial district
 91.7 administrators;

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

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

91.12 (13) an employee of the Agricultural Utilization Research Institute;

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

91.15 (15) a judge who has exceeded the service credit limit in section 490.121, subdivision
 91.16 22;

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

91.18 (17) a person employed by the Minnesota State Colleges and Universities as faculty or
 91.19 in an eligible unclassified administrative position as defined in section 354B.20, subdivision
 91.20 6, who was employed by the former state university or the former community college system
 91.21 before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

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

91.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

91.27 Sec. 12. Minnesota Statutes 2016, section 352D.02, subdivision 3, is amended to read:

91.28 Subd. 3. **Transfer to general employees retirement plan.** (a) ~~If permitted under~~
 91.29 ~~paragraph (b), an employee~~ A person in the unclassified program and referred to in
 91.30 subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), ~~who is credited~~
 91.31 ~~with shares in the unclassified program and has credit for allowable service~~ may elect to
 91.32 terminate participation in the unclassified program and be covered by the general state

92.1 employees retirement plan. ~~(b) An employee specified in paragraph (a) is permitted to~~
 92.2 ~~terminate participation in the unclassified program and be covered by~~ if the person files an
 92.3 election to transfer to the general state employees retirement plan if the employee with the
 92.4 executive director of the Minnesota State Retirement System as provided in paragraph (b)
 92.5 and the person's current employment or appointment:

92.6 (1) ~~was employed~~ began before July 1, 2010, and the person has at least ten years of
 92.7 ~~allowable service covered employment;~~ or

92.8 (2) ~~was first employed~~ began after June 30, 2010, and the person has no more than seven
 92.9 years of allowable service in the unclassified program.

92.10 ~~The (b) An election to transfer~~ must be in writing, on a form provided by the executive
 92.11 director, and ~~can be made no later than one month following the termination of covered~~
 92.12 ~~employment.~~ delivered to the executive director:

92.13 (1) for persons described in paragraph (a), clause (1), no later than one month following
 92.14 the termination of covered employment; or

92.15 (2) for persons described in paragraph (a), clause (2), no later than one month following
 92.16 the termination of employment in a position covered by the unclassified program.

92.17 For purposes of this chapter, an employee who does not file an election to transfer with
 92.18 the executive director is deemed to have exercised the option to participate in the unclassified
 92.19 program.

92.20 (c) If the transfer election is made, the executive director shall redeem the employee's
 92.21 total shares and credit to the employee's account in the general employees retirement plan
 92.22 the amount of contributions that would have been credited had the employee been covered
 92.23 by the general employees retirement plan during the employee's entire covered employment.
 92.24 The balance of money redeemed and not credited to the employee's account must be
 92.25 transferred to the general employees retirement plan, except that the executive director must
 92.26 determine:

92.27 (1) the employee contributions paid to the unclassified program; and

92.28 (2) the employee contributions that would have been paid to the general employees
 92.29 retirement plan for the comparable period, if the individual had been covered by that plan.

92.30 If clause (1) is greater than clause (2), the difference must be refunded to the employee
 92.31 as provided in section 352.22. If clause (2) is greater than clause (1), the difference must
 92.32 be paid by the employee within six months of electing general employees retirement plan
 92.33 coverage or before the effective date of the annuity, whichever is sooner.

93.1 (d) An election under paragraph (b) to transfer coverage to the general employees
93.2 retirement plan is irrevocable during any period of covered employment.

93.3 (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who is
93.4 credited with employee shares in the unclassified program is not permitted to terminate
93.5 participation in the unclassified program and be covered by the general employees retirement
93.6 plan.

93.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

93.8 Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

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

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

93.18 (c) ~~Except as provided in section 356.441, the repayment of a refund under this section~~
93.19 ~~must be made in a lump sum~~ Repayment must be made as provided in section 352.23,
93.20 paragraph (d).

93.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

93.22 Sec. 14. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

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

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

93.28 (c) A person who becomes a judge again after taking a refund under paragraph (a) may
93.29 reinstate the previously terminated allowable service credit, rights, and benefits by repaying
93.30 the total amount of the previously received refund. The refund repayment must include
93.31 interest on the total amount previously received at the annual rate of 8.5 percent until June

94.1 30, 2015, and eight percent thereafter, compounded annually, from the date on which the
 94.2 refund was received until the date on which the refund is repaid. Repayment must be made
 94.3 as provided in section 352.23, paragraph (d).

94.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

94.5 **ARTICLE 10**

94.6 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**
 94.7 **ADMINISTRATIVE PROVISIONS**

94.8 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 2b, is amended to read:

94.9 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
 94.10 participate as members of the association with retirement coverage by the general employees
 94.11 retirement plan, the local government correctional employees retirement plan under chapter
 94.12 353E, or the public employees police and fire retirement plan:

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

94.21 (2) public officers who are elected to a governing body, city mayors, or persons who
 94.22 are appointed to fill a vacancy in an ~~elective~~ elected office of a governing body, whose term
 94.23 of office commences on or after July 1, 2002, for the service to be rendered in that ~~elective~~
 94.24 elected position;

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

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

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

94.31 (6) employees who are employed by reason of work emergency caused by fire, flood,
 94.32 storm, or similar disaster, but if the person becomes a probationary or provisional employee

95.1 within the same pay period, other than on a temporary basis, the person is a "public
95.2 employee" retroactively to the beginning of the pay period;

95.3 (7) employees who by virtue of their employment in one governmental subdivision are
95.4 required by law to be a member of and to contribute to any of the plans or funds administered
95.5 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
95.6 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
95.7 prevent a person from being a member of and contributing to the Public Employees
95.8 Retirement Association and also belonging to and contributing to another public pension
95.9 plan or fund for other service occurring during the same period of time, and a person who
95.10 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
95.11 during the same period of time becomes a member of the association unless contributions
95.12 are made to another public retirement plan on the salary based on the other service or to the
95.13 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

95.19 (9) persons who are:

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

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

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

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

95.32 (11) ~~except for employees of~~ For the first three years of employment, foreign citizens
95.33 who are employed by a governmental subdivision, other than Hennepin County or employees

96.1 of Hennepin Healthcare System, Inc., ~~foreign citizens who are employed by a governmental~~
 96.2 ~~subdivision~~ under a one or more work permit permits or ~~under an H-1b visa~~ initially issued
 96.3 or extended for a combined period of less than three years of employment but upon extension
 96.4 of the ~~employment of the visa beyond the three-year period, the foreign citizen must be~~
 96.5 ~~reported for membership beginning on the first of the month following the extension if the~~
 96.6 ~~monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met~~ work
 96.7 visas;

96.8 (12) public hospital employees who elected not to participate as members of the
 96.9 association before 1972 and who did not elect to participate from July 1, 1988, to October
 96.10 1, 1988;

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

96.18 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
 96.19 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
 96.20 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
 96.21 and may be a member of the Public Employees Retirement Association and a participant
 96.22 in the general employees retirement plan or the public employees police and fire plan,
 96.23 whichever applies, on the basis of compensation received from public employment activities
 96.24 other than those as a volunteer firefighter;

96.25 (15) pipefitters and associated trades personnel employed by Independent School District
 96.26 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
 96.27 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
 96.28 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
 96.29 12;

96.30 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
 96.31 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
 96.32 have retirement coverage under a collective bargaining agreement by the Electrical Workers
 96.33 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
 96.34 pension plan applicable to Carpenters Local 322 who were either first employed after May

97.1 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
97.2 chapter 461, article 7, section 5;

97.3 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
97.4 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
97.5 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
97.6 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
97.7 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
97.8 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
97.9 plan who were either first employed after May 1, 2001, or if first employed before May 2,
97.10 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
97.11 section 6;

97.12 (18) plumbers who are employed by the Metropolitan Airports Commission, with
97.13 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
97.14 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,
97.15 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
97.16 6;

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

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

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

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

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

97.31 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
97.32 Transit Commission who are members of the International Brotherhood of Teamsters Local

98.1 638 and who are, by virtue of that employment, members of the International Brotherhood
98.2 of Teamsters Central States pension plan; and

98.3 (25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board,
98.4 with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters
98.5 local 539 pension plan, who were first employed before May 2, 2015, and who elected to
98.6 be excluded under Laws 2015, chapter 68, article 11, section 5.

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

98.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

98.11 Sec. 2. Minnesota Statutes 2016, section 353.01, subdivision 10, is amended to read:

98.12 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

98.13 (1) the wages or periodic compensation payable to a public employee by the employing
98.14 governmental subdivision before:

98.15 (i) employee retirement deductions that are designated as picked-up contributions under
98.16 section 356.62;

98.17 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
98.18 plans, or other voluntary salary reduction programs that would have otherwise been available
98.19 as a cash payment to the employee; and

98.20 (iii) employee deductions for contributions to a supplemental plan or to a governmental
98.21 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
98.22 health care expenses, unless otherwise excluded under paragraph (b);

98.23 (2) for a public employee who is covered by a supplemental retirement plan under section
98.24 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the
98.25 applicable supplemental retirement plan when an agreement between the parties establishes
98.26 that the contributions will either result in a mandatory reduction of employees' wages through
98.27 payroll withholdings, or be made in lieu of an amount that would otherwise be paid as
98.28 wages;

98.29 (3) a payment from a public employer through a grievance proceeding, settlement, or
98.30 court order that is attached to a specific earnings period in which the employee's regular
98.31 salary was not earned or paid to the member due to a suspension or a period of involuntary
98.32 termination that is not a wrongful discharge under section 356.50; provided the amount is

99.1 not less than the equivalent of the average of the hourly base salary rate in effect during the
 99.2 last six months of allowable service prior to the suspension or period of involuntary
 99.3 termination, plus any applicable increases awarded during the period that would have been
 99.4 paid under a collective bargaining agreement or personnel policy but for the suspension or
 99.5 involuntary termination, multiplied by the average number of regular hours for which the
 99.6 employee was compensated during the six months of allowable service prior to the suspension
 99.7 or period of involuntary termination, but not to exceed the compensation that the public
 99.8 employee would have earned if regularly employed during the applicable period;

99.9 (4) ~~for a member who is absent from employment due to~~ compensation paid during an
 99.10 authorized leave of absence, other than an authorized medical leave of absence, as long as
 99.11 the compensation paid during the leave if equivalent to a pay period is not less than the
 99.12 lesser of:

99.13 (i) the product of the average hourly base salary rate in effect during the six months of
 99.14 allowable service, or portions thereof, prior to immediately preceding the leave, multiplied
 99.15 by the average number of regular hours for which the employee was compensated each pay
 99.16 period during the six months of allowable service prior to immediately preceding the
 99.17 applicable leave of absence; or

99.18 (ii) compensation equal to the value of the employee's total available accrued leave
 99.19 hours;

99.20 (5) ~~for a member who is absent from employment by reason of~~ compensation paid during
 99.21 an authorized medical leave of absence, other than a workers' compensation leave, as long
 99.22 as the compensation paid during the leave if specified in advance to be at least a pay period
 99.23 is not less than the lesser of:

99.24 (i) the product of one-half of, but no more than equal to, the earnings the member
 99.25 received, on which contributions were reported and allowable service credited the average
 99.26 hourly base salary rate in effect during the six months of allowable service immediately
 99.27 preceding the medical leave of absence; and or

99.28 (ii) compensation equal to the value of the employee's total available accrued leave
 99.29 hours;

99.30 (6) for a public employee who receives performance or merit bonus payment under a
 99.31 written compensation plan, policy, or collective bargaining agreement in addition to regular
 99.32 salary or in lieu of regular salary increases, the compensation paid to the employee for
 99.33 attaining or exceeding performance goals, duties, or measures during a specified period of
 99.34 employment.

- 100.1 (b) Salary does not mean:
- 100.2 (1) fees paid to district court reporters;
- 100.3 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or
100.4 periodic payments;
- 100.5 (3) for the donor, payment to another person of the value of hours donated under a
100.6 benevolent vacation, personal, or sick leave donation program;
- 100.7 (4) any form of severance or retirement incentive payments;
- 100.8 (5) an allowance payment or per diem payments for or reimbursement of expenses;
- 100.9 (6) lump-sum settlements not attached to a specific earnings period;
- 100.10 (7) workers' compensation payments or disability insurance payments, including payments
100.11 from employer self-insurance arrangements;
- 100.12 (8) employer-paid amounts used by an employee toward the cost of insurance coverage,
100.13 flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses,
100.14 or any payments in lieu of any employer-paid group insurance coverage, including the
100.15 difference between single and family rates that may be paid to a member with single coverage
100.16 and certain amounts determined by the executive director to be ineligible;
- 100.17 (9) employer-paid fringe benefits, including, but not limited to:
- 100.18 (i) employer-paid premiums or supplemental contributions for employees for all types
100.19 of insurance;
- 100.20 (ii) membership dues or fees for the use of fitness or recreational facilities;
- 100.21 (iii) incentive payments or cash awards relating to a wellness program;
- 100.22 (iv) the value of any nonmonetary benefits;
- 100.23 (v) any form of payment made in lieu of an employer-paid fringe benefit;
- 100.24 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity
100.25 program; and
- 100.26 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum
100.27 amount or a fixed or matching amount paid on a recurring basis, that is not available to the
100.28 employee as cash;

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

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

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

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

101.12 (11) except as provided in section 353.86 or 353.87, compensation of any kind paid to
101.13 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
101.14 35 or 36;

101.15 (12) the amount of compensation that exceeds the limitation provided in section 356.611;

101.16 (13) amounts paid by a federal or state grant for which the grant specifically prohibits
101.17 grant proceeds from being used to make pension plan contributions, unless the contributions
101.18 to the plan are made from sources other than the federal or state grant; and

101.19 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

101.20 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an
101.21 employee by the employer through a grievance proceeding, a court order, or a legal settlement
101.22 are salary only if the settlement or court order is reviewed by the executive director and the
101.23 amounts are determined by the executive director to be consistent with paragraph (a) and
101.24 prior determinations.

101.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

101.26 Sec. 3. Minnesota Statutes 2016, section 353.01, subdivision 47, is amended to read:

101.27 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an
101.28 annuity or benefit from a retirement plan administered by the Public Employees Retirement
101.29 Association by having credit for sufficient allowable service under paragraph (b), (c), or
101.30 (d), whichever applies.

102.1 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
 102.2 member of the general employees retirement plan of the Public Employees Retirement
 102.3 Association:

102.4 (1) a public employee who first became a member of the association before July 1, 2010,
 102.5 is 100 percent vested when the person has accrued credit for not less than three years of
 102.6 allowable service ~~as defined under subdivision 16~~ in the general employees retirement plan;
 102.7 and

102.8 (2) a public employee who first becomes a member of the association after June 30,
 102.9 2010, is 100 percent vested when the person has accrued credit for not less than five years
 102.10 of allowable service ~~as defined under subdivision 16~~ in the general employees retirement
 102.11 plan.

102.12 (c) For purposes of qualifying for an annuity or benefit as a member of the local
 102.13 government correctional ~~employees~~ service retirement plan:

102.14 (1) a public employee who first became a member of the association before July 1, 2010,
 102.15 is 100 percent vested when the person has accrued credit for not less than three years of
 102.16 allowable service ~~as defined under subdivision 16~~ in the local government correctional
 102.17 service retirement plan; and

102.18 (2) a public employee who first becomes a member of the association after June 30,
 102.19 2010, is vested at the following percentages when the person has accrued ~~credited~~ credit
 102.20 for allowable service as defined under subdivision 16, as follows in the local government
 102.21 correctional service retirement plan, as follows:

102.22 (i) 50 percent after five years;

102.23 (ii) 60 percent after six years;

102.24 (iii) 70 percent after seven years;

102.25 (iv) 80 percent after eight years;

102.26 (v) 90 percent after nine years; and

102.27 (vi) 100 percent after ten years.

102.28 (d) For purposes of qualifying for an annuity or benefit as a member of the public
 102.29 employees police and fire retirement plan:

102.30 (1) a public employee who first became a member of the association before July 1, 2010,
 102.31 is 100 percent vested when the person has accrued credit for not less than three years of

103.1 allowable service ~~as defined under subdivision 16~~ in the public employees police and fire
 103.2 retirement plan;

103.3 (2) a public employee who first becomes a member of the association after June 30,
 103.4 2010, and before July 1, 2014, is vested at the following percentages when the person has
 103.5 accrued credited allowable service ~~as defined under subdivision 16~~ in the public employees
 103.6 police and fire retirement plan, as follows:

103.7 (i) 50 percent after five years;

103.8 (ii) 60 percent after six years;

103.9 (iii) 70 percent after seven years;

103.10 (iv) 80 percent after eight years;

103.11 (v) 90 percent after nine years; and

103.12 (vi) 100 percent after ten years; and

103.13 (3) a public employee who first becomes a member of the association after June 30,
 103.14 2014, is vested at the following percentages when the person has accrued ~~credited credit~~ credit
 103.15 for allowable service as defined under subdivision 16 in the public employees police and
 103.16 fire retirement plan, as follows:

103.17 (i) 50 percent after ten years;

103.18 (ii) 55 percent after 11 years;

103.19 (iii) 60 percent after 12 years;

103.20 (iv) 65 percent after 13 years;

103.21 (v) 70 percent after 14 years;

103.22 (vi) 75 percent after 15 years;

103.23 (vii) 80 percent after 16 years;

103.24 (viii) 85 percent after 17 years;

103.25 (ix) 90 percent after 18 years;

103.26 (x) 95 percent after 19 years; and

103.27 (xi) 100 percent after 20 or more years.

103.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

104.1 Sec. 4. Minnesota Statutes 2016, section 353.0162, is amended to read:

104.2 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE FOR**
 104.3 **PERIODS OF REDUCED SALARY.**

104.4 (a) A member may purchase ~~additional~~ differential salary credit, as described in paragraph
 104.5 (c), for a period specified in ~~this section~~ paragraph (b).

104.6 (b) The applicable period is a period during which the member is receiving a no or
 104.7 reduced salary from the employer while the member is:

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

104.10 (2) on an authorized leave of absence, except that if the authorized leave of absence
 104.11 exceeds 12 months, the period of leave for which differential salary credit may be purchased
 104.12 is limited to 12 months; or

104.13 (3) on an authorized ~~partial-paid~~ leave of absence as a result of a budgetary or salary
 104.14 savings program offered or mandated by a governmental subdivision, if certified to the
 104.15 executive director by the governmental subdivision.

104.16 (c) ~~The~~ Differential salary ~~amount~~ credit is the difference between the ~~average monthly~~
 104.17 ~~salary received by the member during the a period of reduced salary under this section~~
 104.18 specified in paragraph (b) and the ~~average monthly~~ salary of the member, excluding overtime,
 104.19 on which contributions to the applicable plan ~~were~~ would have been made during the period
 104.20 ~~of the last six months of covered employment occurring immediately before the period of~~
 104.21 ~~reduced salary, applied to~~ based on the member's normal employment period, measured in
 104.22 hours or otherwise, as applicable, and rate of pay.

104.23 (d) To receive ~~eligible~~ differential salary credit, the member shall pay the plan, by
 104.24 delivering payment to the executive director, an amount equal to:

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

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

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

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

105.7 (f) Payment under this section must include interest on the contribution amount or
 105.8 amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an
 105.9 eight percent annual rate thereafter, prorated for applicable months from the date on which
 105.10 the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the
 105.11 date on which the payment or payments are received by the executive director. Payment
 105.12 under this section must be completed ~~within~~ by the earlier earliest of:

105.13 (1) 30 days from after termination of public service by the employee under section
 105.14 353.01, subdivision 11a, ~~or;~~

105.15 (2) one year after the termination of the period specified in paragraph (b), as further
 105.16 ~~restricted under this section;~~ or

105.17 (3) 30 days after the commencement of a disability benefit.

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

105.25 ~~(h) To purchase~~ (g) If the member has purchased 12 months of differential salary credit
 105.26 ~~for a subsequent period of temporary workers' compensation benefits or subsequent~~
 105.27 ~~authorized medical leave of absence, the member must return to public service and render~~
 105.28 ~~a minimum of three months of allowable service~~ to purchase differential salary credit for a
 105.29 subsequent leave of absence.

105.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

105.31 Sec. 5. Minnesota Statutes 2016, section 353.03, subdivision 3, is amended to read:

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

- 106.1 (1) elect a president and vice-president;
- 106.2 (2) approve the staffing complement, as recommended by the executive director,
106.3 necessary to administer the fund;
- 106.4 (3) adopt bylaws for its own government and for the management of the fund consistent
106.5 with the laws of the state and may modify them at pleasure;
- 106.6 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and
106.7 the terms of the applicable benefit plans for the administration and management of the fund,
106.8 for the payment and collection of payments from members and for the payment of
106.9 withdrawals and benefits, and that are necessary in order to comply with the applicable
106.10 federal Internal Revenue Service and Department of Labor requirements;
- 106.11 (5) pass upon and allow or disallow all applications for membership in the fund and
106.12 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;
- 106.13 ~~(6) authorize procedures for use of electronic signatures as defined in section 325L.02,~~
106.14 ~~paragraph (h), on applications and forms required by the association;~~
- 106.15 ~~(7)~~ (6) adopt an appropriate mortality table based on experience of the fund as
106.16 recommended by the association actuary and approved under section 356.215, subdivision
106.17 18, with interest set at the rate specified in section 356.215, subdivision 8;
- 106.18 ~~(8)~~ (7) provide for the payment out of the fund of the cost of administering this chapter,
106.19 of all necessary expenses for the administration of the fund and of all claims for withdrawals,
106.20 pensions, or benefits allowed;
- 106.21 ~~(9)~~ (8) approve or disapprove all recommendations and actions of the executive director
106.22 made subject to its approval or disapproval by subdivision 3a; and
- 106.23 ~~(10)~~ (9) approve early retirement and optional annuity factors, subject to review by the
106.24 actuary retained by the Legislative Commission on Pensions and Retirement; establish the
106.25 schedule for implementation of the approved factors; and notify the Legislative Commission
106.26 on Pensions and Retirement of the implementation schedule.
- 106.27 (b) In passing upon all applications and claims, the board may summon, swear, hear,
106.28 and examine witnesses and, in the case of claims for disability benefits, may require the
106.29 claimant to submit to a medical examination by a physician of the board's choice, at the
106.30 expense of the fund, as a condition precedent to the passing on the claim, and, in the case
106.31 of all applications and claims, may conduct investigations necessary to determine their
106.32 validity and merit.

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

107.8 (d) The board shall establish procedures governing reimbursement of expenses to board
 107.9 members. These procedures must define the types of activities and expenses that qualify
 107.10 for reimbursement, must provide that all out-of-state travel be authorized by the board, and
 107.11 must provide for the independent verification of claims for expense reimbursement. The
 107.12 procedures must comply with the applicable rules and policies of the Department of
 107.13 Management and Budget and the Department of Administration.

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

107.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

107.19 Sec. 6. Minnesota Statutes 2016, section 353.29, subdivision 4, is amended to read:

107.20 Subd. 4. **Application for annuity.** Application for a retirement annuity or optional
 107.21 annuity may be made by a member or by a person ~~authorized to act~~ acting on behalf of the
 107.22 member, upon proof of authority satisfactory to the executive director. Every application
 107.23 ~~for retirement~~ must be made ~~in writing~~ on a form or in a format prescribed by the executive
 107.24 director and must be substantiated by ~~written~~ proof of the member's age and identity. The
 107.25 notarized signature of a member's spouse on a retirement annuity application acknowledging
 107.26 the member's annuity selection meets the notice requirement to the spouse under section
 107.27 356.46, subdivision 3. An application for a retirement annuity is not complete until all
 107.28 necessary supporting documents are received by the executive director.

107.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

107.30 Sec. 7. Minnesota Statutes 2016, section 353.29, subdivision 7, is amended to read:

107.31 Subd. 7. ~~Annuities; accrual~~ **Annuity starting date.** (a) Except as to ~~elected public~~
 107.32 ~~officials~~ specified in paragraph (b), a retirement annuity granted under this chapter begins

108.1 ~~with~~ on the first day of the first calendar month after the date of termination of public service
 108.2 or up to six months before the first of the month in which a complete application is received
 108.3 by the executive director under subdivision 4, whichever is later. The annuity must be paid
 108.4 in equal monthly installments ~~and does not accrue,~~ unless suspended or reduced under
 108.5 section 353.37. Annuity payments shall not be paid beyond the end of the month in which
 108.6 entitlement to the annuity has terminated.

108.7 (b) An annuity granted to an ~~elective~~ elected public official ~~accrues~~ may begin on the
 108.8 day following the expiration of the public office ~~or expiration of the right to hold that office~~
 108.9 that qualified the elected official for membership under section 353.01, subdivision 2a or
 108.10 2d, if a complete application is received by the executive director under subdivision 4 within
 108.11 six months of the date of termination of public service. The annuity for the month during
 108.12 which the expiration occurred is prorated accordingly.

108.13 (c) An annuity, once granted, must not be increased, decreased, or revoked except under
 108.14 this chapter.

108.15 ~~(d) An annuity payment may be made retroactive for up to one year prior to that month~~
 108.16 ~~in which a complete application is received by the executive director under subdivision 4.~~

108.17 ~~(e)~~ (d) If an annuitant dies before negotiating the check for the month in which death
 108.18 occurs, payment must first be made to the surviving spouse, or if none, then to the designated
 108.19 beneficiary, or if none, lastly to the estate.

108.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

108.21 Sec. 8. Minnesota Statutes 2016, section 353.30, subdivision 3c, is amended to read:

108.22 Subd. 3c. **Effective date of bounce-back annuity.** In the event of the death of the
 108.23 designated optional annuity beneficiary before the retired employee or disabilitant, the
 108.24 restoration of the normal single life annuity under subdivision 3a or 3b will take effect on
 108.25 the first of the month following the date of death of the designated optional annuity
 108.26 beneficiary or on the first of the month following ~~one year~~ six months before ~~the date on~~
 108.27 ~~which a certified copy~~ satisfactory verification of the death record is received in the office
 108.28 ~~of the public employees retirement association~~ established by the executive director,
 108.29 whichever date is later.

108.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

109.1 Sec. 9. Minnesota Statutes 2016, section 353.32, subdivision 1, is amended to read:

109.2 Subdivision 1. **Before retirement.** If a member or former member ~~who terminated public~~
109.3 ~~service~~ dies before retirement or before receiving any retirement annuity and no other
109.4 payment of any kind is or may become payable to any person, a refund is payable to the
109.5 designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal
109.6 representative of the decedent's estate. The refund must be in an amount equal to accumulated
109.7 deductions, less the sum of any disability or survivor benefits that have been paid by the
109.8 fund, plus annual compound interest thereon at the rate specified in section 353.34,
109.9 subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that may have~~
109.10 ~~been paid by the fund~~; provided that a survivor who has a right to benefits under section
109.11 353.31 may waive such benefits in writing, except such benefits for a dependent child under
109.12 the age of 18 years may only be waived under an order of the district court.

109.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

109.14 Sec. 10. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

109.15 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who
109.16 ceases to be a public employee is entitled to receive a refund in an amount equal to
109.17 accumulated deductions ~~with~~, less the sum of any disability benefits that have been paid by
109.18 the fund, plus annual compound interest to the first day of the month in which the refund
109.19 is processed.

109.20 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
109.21 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
109.22 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
109.23 refund interest is at the rate of four percent.

109.24 (c) If a person repays a refund and subsequently applies for another refund, the repayment
109.25 amount, including interest, is added to the fiscal year balance in which the repayment was
109.26 made.

109.27 (d) If the refund payable to a member is based on employee deductions that are
109.28 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
109.29 invalid employee deductions is four percent.

109.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

110.1 Sec. 11. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

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

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

110.7 (c) ~~The~~ If a person forfeits service credits, rights, and benefits under paragraph (a), the
110.8 person's service credits, rights, and benefits of a former member must not shall be restored
110.9 until if the person returns to active service and acquires employment covered by the
110.10 association for at least six months of allowable service credit after taking the last refund
110.11 and repays the refund or refunds taken and interest all amounts previously received under
110.12 section 353.34, ~~subdivisions 1 and~~ subdivision 2, plus interest at the annual rate of 8.5
110.13 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the
110.14 date each amount was received to the date the amount is repaid. If the person elects to restore
110.15 service credit in a particular fund from which the person has taken more than one refund,
110.16 the person must repay all refunds to that fund. All refunds The repayment must be repaid
110.17 made within six months of the last ~~date of termination~~ day of public service employment.
110.18 A person may have service credits, rights, and benefits restored under this paragraph once.

110.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

110.20 Sec. 12. Minnesota Statutes 2016, section 353.37, subdivision 1, is amended to read:

110.21 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for
110.22 an annuity from the general employees retirement plan of the Public Employees Retirement
110.23 Association, the public employees police and fire retirement plan, or the local government
110.24 correctional employees retirement plan must be suspended under subdivision 2 or reduced
110.25 under subdivision 3, whichever results in the higher annual annuity amount, ~~if~~ upon the
110.26 ~~person reenters public service as a nonelective~~ person's employment as a nonelected employee
110.27 of a governmental subdivision in a position not required by law to be a member of a plan
110.28 administered by the Minnesota State Retirement System, the Teachers Retirement
110.29 Association, or the St. Paul Teachers Retirement Fund Association, or returns to work as
110.30 an employee of a labor organization that represents public employees who are association
110.31 members under this chapter, and salary for the reemployment service exceeds the annual
110.32 maximum earnings allowable for that age for the continued receipt of full benefit amounts
110.33 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
110.34 the secretary of health and human services under United States Code, title 42, section 403,

111.1 in any calendar year. If the person has not yet reached the minimum age for the receipt of
 111.2 Social Security benefits, the maximum salary for the person is equal to the annual maximum
 111.3 earnings allowable for the minimum age for the receipt of Social Security benefits.

111.4 (b) The provisions of paragraph (a) do not apply to the members of the general employees
 111.5 plan of the Public Employees Retirement Association who were former members of MERF.

111.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

111.7 Sec. 13. Minnesota Statutes 2016, section 353.64, subdivision 10, is amended to read:

111.8 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and**
 111.9 **emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a
 111.10 member of the public employees police and fire retirement plan under sections 353.63 to
 111.11 353.68 if the person is:

111.12 (1) certified as a paramedic or emergency medical technician by the state under section
 111.13 144E.28, subdivision 4;

111.14 (2) employed full time by Hennepin Healthcare System Inc., as:

111.15 (i) a paramedic ~~or~~;

111.16 (ii) an emergency medical technician by Hennepin County; or

111.17 (iii) a supervisor or manager of paramedics or emergency medical technicians; and

111.18 (3) not eligible for coverage under the agreement signed between the state and the
 111.19 secretary of the federal Department of Health and Human Services making the provisions
 111.20 of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics
 111.21 and emergency medical technicians because the person's position is excluded after that date
 111.22 from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D),
 111.23 and section 355.07.

111.24 Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary
 111.25 of each full-time paramedic and emergency medical technician it employs as required by
 111.26 section 353.65, subdivision 2, shall make the employer contribution for each full-time
 111.27 paramedic and emergency medical technician it employs as required by section 353.65,
 111.28 subdivision 3, and shall meet the employer recording and reporting requirements in section
 111.29 353.65, subdivision 4.

111.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

112.1 Sec. 14. Minnesota Statutes 2016, section 353F.02, subdivision 5a, is amended to read:

112.2 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"
 112.3 means a medical facility that was ~~formerly~~ included in the definition of governmental
 112.4 subdivision under section 353.01, subdivision 6, on the day before the effective date of
 112.5 privatization, that is privatized and whose employees are certified for participation under
 112.6 this chapter.

112.7 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
 112.8 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

112.9 Sec. 15. Minnesota Statutes 2016, section 353F.025, subdivision 2, is amended to read:

112.10 Subd. 2. **Reporting privatizations.** (a) If the actuarial calculations under subdivision
 112.11 1, paragraph (c), indicate privatization can be approved because a net gain to the general
 112.12 employees retirement plan of the Public Employees Retirement Association is expected, or
 112.13 if paragraph (b) applies, the executive director shall, following acceptance of the actuarial
 112.14 calculations by the board of trustees, forward notice and supporting documentation, including
 112.15 a copy of the actuary's report and findings, to the chair and the executive director of the
 112.16 Legislative Commission on Pensions and Retirement and the chairs and the ranking minority
 112.17 members of the committees with jurisdiction over governmental operations in the house of
 112.18 representatives and senate.

112.19 (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive
 112.20 director shall recommend to the board of trustees that the privatization be approved if the
 112.21 chief clerical officer of the applicable governmental subdivision submits a resolution from
 112.22 the governing body specifying that a lump sum payment will be made to the Public
 112.23 Employees Retirement Association equal to the net loss, plus interest. The interest must be
 112.24 computed using the applicable ultimate preretirement interest rate assumption under section
 112.25 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation
 112.26 from which the actuarial accrued liability data was used to determine the net loss in the
 112.27 actuarial study under subdivision 1, to the date of payment, with annual compounding.
 112.28 Payment must be made on or after the effective date of privatization.

112.29 (c) The Public Employees Retirement Association must maintain a list that includes the
 112.30 names of all privatized former public employers in the association's comprehensive annual
 112.31 financial report and on the association's Web site. ~~Annually by March 1, the association~~
 112.32 ~~must submit to the executive director of the Legislative Commission on Pensions and~~
 112.33 ~~Retirement the names of any privatized former public employers approved since the~~
 112.34 ~~publication of the previous fiscal year's comprehensive annual financial report.~~

113.1 Sec. 16. Minnesota Statutes 2016, section 353F.04, subdivision 2, is amended to read:

113.2 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do
113.3 not apply to a privatized former public employee:

113.4 (1) beginning the first of the month in which the privatized former public employee
113.5 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,
113.6 if the employee accrues at least six months of credited service in any single plan enumerated
113.7 in section 356.30, subdivision 3, except clause (6);

113.8 (2) beginning the first of the month in which the privatized former public employee
113.9 becomes covered again by the general employees retirement plan of the Public Employees
113.10 Retirement Association;

113.11 (3) beginning the first of the month after a privatized former public employee terminates
113.12 service with the ~~successor entity~~ privatized former public employer; or

113.13 (4) if the person begins receipt of a retirement annuity while employed by the employer
113.14 which assumed operations of or purchased the privatized former public employer.

113.15 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
113.16 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

113.17 Sec. 17. Minnesota Statutes 2016, section 353F.05, is amended to read:

113.18 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**
113.19 **EARLY RETIREMENT PURPOSES.**

113.20 (a) For the purpose of determining eligibility for early retirement benefits provided under
113.21 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year
113.22 before the year in which the privatization occurred, and notwithstanding any provision of
113.23 chapter 353, to the contrary, the years of allowable service for a privatized former public
113.24 employee who transfers employment on the effective date of privatization and does not
113.25 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of
113.26 Minnesota Statutes published in the year before the year in which the privatization occurred,
113.27 or any similar provision, includes service with the ~~successor employer to the~~ privatized
113.28 former public employer following the effective date. The ~~successor~~ privatized former public
113.29 employer shall provide any reports that the executive director of the Public Employees
113.30 Retirement Association may reasonably request to permit calculation of benefits.

113.31 (b) To be eligible for early retirement benefits under this section, the individual must
113.32 separate from service with the ~~successor to the~~ privatized former public employer. The

114.1 privatized former public employee, or an individual authorized to act on behalf of that
 114.2 employee, may apply for an annuity following application procedures under section 353.29,
 114.3 subdivision 4.

114.4 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
 114.5 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

114.6 Sec. 18. Minnesota Statutes 2016, section 353F.057, is amended to read:

114.7 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

114.8 Upon termination of service from the privatized former public employer ~~or any successor~~
 114.9 ~~entity~~ after the effective date of privatization, a privatized former public employee must
 114.10 separate from any employment relationship with the privatized former public employer ~~or~~
 114.11 ~~any successor entity~~ for at least 30 days to qualify to receive a retirement annuity under this
 114.12 chapter.

114.13 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
 114.14 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

114.15 Sec. 19. Minnesota Statutes 2016, section 353F.06, is amended to read:

114.16 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**
 114.17 **LIMITATIONS.**

114.18 If a privatized former public employee satisfies the separation from service requirement
 114.19 in section 353F.057 and thereafter resumes employment with the privatized former public
 114.20 employer ~~or any successor entity~~ or a governmental subdivision under section 353.01,
 114.21 subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply.

114.22 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
 114.23 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

114.24 Sec. 20. Minnesota Statutes 2016, section 353F.07, is amended to read:

114.25 **353F.07 EFFECT ON REFUND.**

114.26 Notwithstanding any provision of chapter 353 to the contrary, privatized former public
 114.27 employees may receive a refund of employee accumulated contributions plus interest as
 114.28 provided in section 353.34, subdivision 2, at any time after the transfer of employment to
 114.29 the ~~successor employer of the~~ privatized former public employer. If a privatized former
 114.30 public employee has received a refund from a pension plan listed in section 356.30,

115.1 subdivision 3, the person may not repay that refund unless the person again becomes a
 115.2 member of one of those listed plans and complies with section 356.30, subdivision 2.

115.3 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
 115.4 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

115.5 Sec. 21. **[353F.09] APPLICATION TO SALES OF PRIVATIZED FORMER PUBLIC**
 115.6 **EMPLOYERS.**

115.7 A medical facility or other employing unit shall cease to be a privatized former public
 115.8 employer and its employees shall cease to be considered privatized former public employees
 115.9 under this chapter upon the sale of the operations of the medical facility or employing unit
 115.10 to another employer or the sale of the medical facility or employing unit to another employer.
 115.11 The privatized former public employees shall be entitled to benefits accrued under this
 115.12 chapter to the date of the sale, but shall not accrue additional benefits after the date of the
 115.13 sale.

115.14 **EFFECTIVE DATE.** The section is effective for privatizations with an effective date
 115.15 of privatization under section 353F.02, subdivision 3, after June 30, 2017, and for sales of
 115.16 privatized former public employers after June 30, 2017.

115.17 Sec. 22. **REPEALER.**

115.18 Minnesota Statutes 2016, section 353.0161, is repealed.

115.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

115.20 **ARTICLE 11**

115.21 **TEACHERS RETIREMENT ASSOCIATION** 115.22 **ADMINISTRATIVE PROVISIONS**

115.23 Section 1. Minnesota Statutes 2016, section 354.05, subdivision 2, is amended to read:

115.24 Subd. 2. **Teacher.** (a) "Teacher" means:

115.25 (1) a person who renders service as a teacher, supervisor, principal, superintendent,
 115.26 librarian, nurse, counselor, social worker, therapist, or psychologist in:

115.27 (i) a public school of the state other than in Independent School District No. 625 ~~or in~~
 115.28 ~~Independent School District No. 709, or in any;~~

115.29 (ii) a charter school, ~~irrespective of the location of the school, or in any;~~

116.1 ~~(iii)~~ a charitable, penal, or correctional ~~institutions~~ institution of a governmental
 116.2 subdivision;² or

116.3 (iv) the Perpich Center for Arts Education, except that any employee of the Perpich
 116.4 Center for Arts Education who was covered by the Minnesota State Retirement System
 116.5 general state employees retirement plan as of July 1, 2016, shall continue to be covered by
 116.6 that plan and not by the Teachers Retirement Association;

116.7 (2) a person who is engaged in educational administration in connection with the state
 116.8 public school system, whether the position be a public office or ~~an~~ as employment;

116.9 (3) a person who renders service as a charter school director or chief administrative
 116.10 officer; provided, however, that if the charter school director or chief administrative officer
 116.11 is covered by the Public Employees Retirement Association general employees retirement
 116.12 plan on July 1, 2017, the charter school director or chief administrative officer shall continue
 116.13 to be covered by that plan and not by the Teachers Retirement Association;

116.14 ~~(2)~~ (4) an employee of the Teachers Retirement Association;

116.15 ~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also renders
 116.16 other services for a single employing unit where the teaching service comprises at least 50
 116.17 percent of the combined employment salary is a member of the association for all services
 116.18 with the single employing unit or, if less than 50 percent of the combined employment
 116.19 salary, the executive director determines all of the combined service is covered by the
 116.20 association; or

116.21 ~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D, 354A,
 116.22 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges
 116.23 and Universities system in an unclassified position as:

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

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

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

116.28 (iv) a teacher or a research assistant.

116.29 (b) "Teacher" does not mean:

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

117.1 ~~(2) a person who renders part-time teaching service or who is a customized trainer as~~
 117.2 ~~defined by the Minnesota State Colleges and Universities system if (i) the service is incidental~~
 117.3 ~~to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually~~
 117.4 ~~in advance that the part-time teaching service or customized training service will not exceed~~
 117.5 ~~300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time~~
 117.6 ~~teaching service or customized training service actually does not exceed 300 hours in a~~
 117.7 ~~fiscal year;~~

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

117.9 ~~(4) (2)~~ annuitants of the teachers retirement plan who are employed after retirement by
 117.10 an employing unit that participates in the teachers retirement plan during the course of that
 117.11 reemployment;

117.12 ~~(5) (3)~~ a person who is employed by the University of Minnesota;

117.13 ~~(6) (4)~~ a member or an officer of any general governing or managing board or body of
 117.14 an employing unit that participates in the teachers retirement plan; or

117.15 ~~(7) (5)~~ a person employed by Independent School District No. 625 ~~or Independent School~~
 117.16 ~~District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

117.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

117.18 Sec. 2. Minnesota Statutes 2016, section 354.05, is amended by adding a subdivision to
 117.19 read:

117.20 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a spouse
 117.21 of a member due to dissolution of the marriage, legal separation, or annulment.

117.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

117.23 Sec. 3. Minnesota Statutes 2016, section 354.06, subdivision 2, is amended to read:

117.24 Subd. 2. **President; executive director.** The board shall annually elect one of its members
 117.25 as president. It shall elect an executive director. Notwithstanding any law to the contrary,
 117.26 the board must set the salary of the executive director. The salary of the executive director
 117.27 must not exceed the limit for a position listed in section 15A.0815, subdivision 2. ~~The salary~~
 117.28 ~~of the assistant executive director who shall be in the unclassified service, shall be set in~~
 117.29 ~~accordance with section 43A.18, subdivision 3.~~ The executive director shall serve during
 117.30 the pleasure of the board and be the executive officer of the board, with such duties as the
 117.31 board shall prescribe. The board shall employ all other clerks and employees necessary to

118.1 properly administer the association. The cost and expense of administering the provisions
118.2 of this chapter shall be paid by the association. The board shall appoint an executive director
118.3 ~~shall be appointed by the board~~ on the basis of fitness education, experience in the retirement
118.4 field ~~and leadership~~, ability to manage and lead system staff, and ability to assist the board
118.5 in setting a vision for the system. The executive director shall have had at least five years
118.6 of experience on the administrative staff of a major retirement system.

118.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

118.8 Sec. 4. Minnesota Statutes 2016, section 354.06, subdivision 2a, is amended to read:

118.9 Subd. 2a. **Duties of executive director.** The management of the association is vested
118.10 in the executive director who shall be the executive and administrative head of the
118.11 association. The executive director shall act as advisor to the board on all matters pertaining
118.12 to the association and shall also act as the secretary of the board. The executive director
118.13 shall:

118.14 (1) attend all meetings of the board;

118.15 (2) prepare and recommend to the board appropriate rules to carry out the provisions of
118.16 this chapter;

118.17 (3) establish and maintain an adequate system of records and accounts following
118.18 recognized accounting principles and controls;

118.19 (4) designate, as necessary, a deputy executive director and an assistant executive director
118.20 in the unclassified service, as defined in section 43A.08, whose salaries shall be set in
118.21 accordance with section 43A.18, subdivision 3, and two assistant executive directors in the
118.22 classified service, as defined in section 43A.07, with the approval of the board, and appoint
118.23 such employees, both permanent and temporary, as are necessary to carry out the provisions
118.24 of this chapter;

118.25 (5) organize the work of the association as the director deems necessary to fulfill the
118.26 functions of the association, and define the duties of its employees and delegate to them
118.27 any powers or duties, subject to the director's control and under such conditions as the
118.28 director may prescribe;

118.29 (6) with the approval of the board, contract and set the compensation for the services of
118.30 an approved actuary, professional management services, and any other consulting services.
118.31 These contracts are not subject to the competitive bidding procedure prescribed by chapter
118.32 16C. An approved actuary retained by the executive director shall function as the actuarial
118.33 advisor of the board and the executive director and may perform actuarial valuations and

119.1 experience studies to supplement those performed by the actuary retained under section
119.2 356.214. Any supplemental actuarial valuations or experience studies shall be filed with
119.3 the executive director of the Legislative Commission on Pensions and Retirement. Copies
119.4 of professional management survey reports must be transmitted to the secretary of the senate,
119.5 the chief clerk of the house of representatives, and the Legislative Reference Library as
119.6 provided by section 3.195, and to the executive director of the commission at the same time
119.7 as reports are furnished to the board. Only management firms experienced in conducting
119.8 management surveys of federal, state, or local public retirement systems are qualified to
119.9 contract with the executive director;

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

119.12 (8) make refunds of accumulated contributions to former members and to the designated
119.13 beneficiary, surviving spouse, legal representative, or next of kin of deceased members or
119.14 deceased former members, under this chapter;

119.15 (9) determine the amount of the annuities and disability benefits of members covered
119.16 by the association and authorize payment of the annuities and benefits beginning as of the
119.17 dates on which the annuities and benefits begin to accrue, under this chapter;

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

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

119.22 (12) certify funds available for investment to the State Board of Investment;

119.23 (13) with the advice and approval of the board, request the State Board of Investment
119.24 to sell securities on determining that funds are needed for the purposes of the association;

119.25 (14) prepare and submit biennial and annual budgets to the board and with the approval
119.26 of the board submit those budgets to the Department of Management and Budget; and

119.27 (15) with the approval of the board, perform such other duties as may be required for
119.28 the administration of the association and the other provisions of this chapter and for the
119.29 transaction of its business. The executive director may:

119.30 (i) reduce all or part of the accrued interest and fines payable by an employing unit for
119.31 reporting requirements under ~~section 354.52~~ chapter 354, based on an evaluation of any
119.32 extenuating circumstances of the employing unit;

120.1 (ii) assign association employees to conduct field audits of an employing unit to ensure
120.2 compliance with the provisions of this chapter; and

120.3 (iii) recover overpayments, if not repaid to the association, by suspending or reducing
120.4 the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional
120.5 annuity under this chapter until the overpayment, plus interest, has been recovered.

120.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

120.7 Sec. 5. Minnesota Statutes 2016, section 354.095, is amended to read:

120.8 **354.095 MEDICAL LEAVE.**

120.9 (a) Upon granting a medical leave, an employing unit must certify the leave to the
120.10 association on a form specified by the executive director. A member of the association who
120.11 is on an authorized medical leave of absence is entitled to receive allowable service credit,
120.12 not to exceed ~~one year~~ five years, for the period of leave, upon making the prescribed
120.13 payment to the fund under section 354.72. A member may not receive more than one year
120.14 of allowable service credit during any fiscal year by making payment under this section. A
120.15 member may not receive disability benefits under section 354.48 and receive allowable
120.16 service credit under this section for the same period of time.

120.17 (b) The executive director shall reject an application for disability benefits under section
120.18 354.48 if the member is applying only because an employer-sponsored provider of private
120.19 disability insurance benefits requires such an application and the member would not have
120.20 applied for disability benefits in the absence of such requirement. The member shall submit
120.21 a copy of the disability insurance policy that requires an application for disability benefits
120.22 from the plan if the member wishes to assert that the application is only being submitted
120.23 because of the disability insurance policy requirement.

120.24 (c) Notwithstanding the provisions of any agreement to the contrary, employee and
120.25 employer contributions may not be made to receive allowable service credit under this
120.26 section if the member does not retain the right to full reinstatement both during and at the
120.27 end of the medical leave.

120.28 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective July 1, 2018. Paragraph (b)
120.29 is effective retroactively from July 1, 2016.

120.30 Sec. 6. Minnesota Statutes 2016, section 354.44, subdivision 3, is amended to read:

120.31 Subd. 3. **Application for retirement.** A member or a person authorized to act on behalf
120.32 of the member may make application for retirement provided the age and service

121.1 requirements under subdivision 1 are satisfied on or before the member's retirement annuity
 121.2 accrual date under subdivision 4. The application may be made no earlier than ~~120~~ 180 days
 121.3 before the termination of teaching service. The application must be made on a form prescribed
 121.4 by the executive director and is not complete until all necessary supporting documents are
 121.5 received by the executive director.

121.6 **EFFECTIVE DATE.** This section is effective July 1, 2018.

121.7 Sec. 7. Minnesota Statutes 2016, section 354.44, subdivision 9, is amended to read:

121.8 Subd. 9. **Determining applicable law.** A former teacher who returns to covered service
 121.9 following a termination and who is not receiving a retirement annuity under this section
 121.10 must have earned at least ~~85 days~~ one-half year of credited service following the return to
 121.11 covered service to be eligible for improved benefits resulting from any law change enacted
 121.12 subsequent to that termination.

121.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

121.14 Sec. 8. Minnesota Statutes 2016, section 354.45, is amended by adding a subdivision to
 121.15 read:

121.16 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former spouse
 121.17 to whom payments are to be made before the end of the specified payment period, payments
 121.18 shall be made according to the terms of a beneficiary form completed by the former spouse
 121.19 or, if no beneficiary form, to the estate of the former spouse or as otherwise ordered by a
 121.20 court of competent jurisdiction.

121.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

121.22 Sec. 9. Minnesota Statutes 2016, section 354.46, subdivision 6, is amended to read:

121.23 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits under
 121.24 this section must be in writing on a form prescribed by the executive director.

121.25 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable
 121.26 under this section.

121.27 (c) Unless otherwise specified, the annuity must be computed under section 354.44,
 121.28 subdivision 2 or 6, whichever is applicable.

121.29 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision may
 121.30 apply for an annuity any time after the member's death. The benefit may not begin to accrue

122.1 more than six months before the date the application is filed with the executive director and
 122.2 may not accrue before the member's death.

122.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

122.4 Sec. 10. Minnesota Statutes 2016, section 354.48, subdivision 1, is amended to read:

122.5 Subdivision 1. **Age, service and salary requirements.** A member who is totally and
 122.6 permanently disabled, who has not reached the normal retirement age as defined in section
 122.7 354.05, subdivision 38, and who has at least three years of credited allowable service at the
 122.8 time that the total and permanent disability begins is entitled to a disability benefit based
 122.9 on this allowable service in an amount provided in subdivision 3. If the disabled member's
 122.10 teaching service has terminated at any time, at least two of the required three years of
 122.11 allowable service must have been rendered after last becoming a member. ~~Any member~~
 122.12 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

122.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

122.14 Sec. 11. Minnesota Statutes 2016, section 354.512, is amended to read:

122.15 **354.512 RECOVERY OF DEFICIENCIES.**

122.16 In addition to any other remedies permitted under law, if an employing unit or other
 122.17 entity required by law to make any form of payment to the Teachers Retirement Association
 122.18 fails to make full payment ~~within 60 days of notification,~~ the executive director is authorized
 122.19 to certify the amount of deficiency to the commissioner of management and budget, who
 122.20 shall deduct the amount from any state aid or appropriation applicable to the employing
 122.21 unit or entity, and transmit the withheld aid or appropriation to the executive director for
 122.22 deposit in the fund.

122.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

122.24 Sec. 12. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

122.25 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
 122.26 due to the association and furnish a statement indicating the amount due and transmitted
 122.27 with any other information required by the executive director. If an amount due is not
 122.28 received by the association within 14 calendar days of the payroll warrant, the amount
 122.29 accrues interest at an annual rate of 8.5 percent compounded annually from the due date
 122.30 until the amount is received by the association. All amounts due and other employer
 122.31 obligations not remitted ~~within 60 days of notification by the association must~~ may be

123.1 certified to the commissioner of management and budget who shall deduct the amount from
 123.2 any state aid or appropriation amount applicable to the employing unit.

123.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

123.4 Sec. 13. Minnesota Statutes 2016, section 354.52, subdivision 4d, is amended to read:

123.5 Subd. 4d. **Annual base salary reporting.** An employing unit must provide ~~the following~~
 123.6 annual base salary data, as defined in section 354.05, subdivision 41, to the association on
 123.7 or before June 30 of each fiscal year: ~~(1) annual base salary, as defined in section 354.05,~~
 123.8 ~~subdivision 41; and,~~

123.9 ~~(2) beginning and ending dates for the regular school work year.~~

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

123.11 Sec. 14. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

123.12 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
 123.13 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
 123.14 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
 123.15 retirement.

123.16 (b) The amount of the deferred retirement annuity is determined by section 354.44,
 123.17 subdivision 6, and augmented as provided in this subdivision. The required reserves for the
 123.18 annuity which had accrued when the member ceased to render teaching service must be
 123.19 augmented, as further specified in this subdivision, by the applicable interest rate compounded
 123.20 annually from the first day of the month following the month during which the member
 123.21 ceased to render teaching service to the effective date of retirement.

123.22 (c) No augmentation is not creditable if the deferral period is less than three months or
 123.23 if deferral commenced before July 1, 1971.

123.24 (d) For persons who became covered employees before July 1, 2006, with a deferral
 123.25 period commencing after June 30, 1971, the annuity must be augmented as follows:

123.26 (1) five percent interest compounded annually until January 1, 1981;

123.27 (2) three percent interest compounded annually from January 1, 1981, until January 1
 123.28 of the year following the year in which the deferred annuitant attains age 55;

123.29 (3) five percent interest compounded annually from the date established in clause (2) to
 123.30 the effective date of retirement or until June 30, 2012, whichever is earlier; and

124.1 (4) two percent interest compounded annually after June 30, 2012.

124.2 (e) For persons who become covered employees after June 30, 2006, the interest rate
124.3 used to augment the deferred annuity is 2.5 percent interest compounded annually until June
124.4 30, 2012, or until the effective date of retirement, whichever is earlier, and two percent
124.5 interest compounded annually after June 30, 2012.

124.6 ~~(f) If a person has more than one period of uninterrupted service, a separate average~~
124.7 ~~salary determined under section 354.44, subdivision 6, must be used for each period and~~
124.8 ~~the required reserves related to each period must be augmented as specified in this~~
124.9 ~~subdivision. The sum of the augmented required reserves is the present value of the annuity.~~
124.10 ~~For the purposes of this subdivision, "period of uninterrupted service" means a period of~~
124.11 ~~covered teaching service during which the member has not been separated from active~~
124.12 ~~service for more than one fiscal year.~~

124.13 ~~(g)~~ (f) If a person repays a refund, the service restored by the repayment must be
124.14 considered as continuous with the next period of service for which the person has allowable
124.15 service credit in the Teachers Retirement Association.

124.16 ~~(h)~~ (g) If a person does not render teaching service in any one fiscal year or more
124.17 consecutive fiscal years and then resumes teaching service, the formula percentages used
124.18 from the date of the resumption of teaching service must be those applicable to new members.

124.19 ~~(i)~~ (h) The mortality table and interest rate actuarial assumption used to compute the
124.20 annuity must be the applicable mortality table established by the board under section 354.07,
124.21 subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect
124.22 when the member retires.

124.23 ~~(j)~~ (i) In no case may the annuity payable under this subdivision be less than the amount
124.24 of annuity payable under section 354.44, subdivision 6.

124.25 ~~(k)~~ (j) The requirements and provisions for retirement before normal retirement age
124.26 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
124.27 requirements with a combination of service as provided in section 354.60.

124.28 ~~(l)~~ (k) The augmentation provided by this subdivision applies to the benefit provided in
124.29 section 354.46, subdivision 2.

124.30 ~~(m)~~ (l) The augmentation provided by this subdivision does not apply to any period in
124.31 which a person is on an approved leave of absence from an employer unit covered by the
124.32 provisions of this chapter.

125.1 ~~(n)~~ (m) The retirement annuity or disability benefit of, or the survivor benefit payable
 125.2 on behalf of, a former teacher who terminated service before July 1, 1997, which is not first
 125.3 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
 125.4 reflect the change in the postretirement interest rate actuarial assumption under section
 125.5 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
 125.6 tables adopted by the board as recommended by an approved actuary and approved by the
 125.7 actuary retained under section 356.214.

125.8 **EFFECTIVE DATE.** This section is effective July 1, 2018.

125.9 Sec. 15. Minnesota Statutes 2016, section 354.66, subdivision 2, is amended to read:

125.10 Subd. 2. **Qualified part-time teacher program participation requirements.** (a) A
 125.11 teacher in a Minnesota public elementary school, a Minnesota secondary school, or the
 125.12 Minnesota State Colleges and Universities system who has three years or more of allowable
 125.13 service in the association or three years or more of full-time teaching service in Minnesota
 125.14 public elementary schools, Minnesota secondary schools, or the Minnesota State Colleges
 125.15 and Universities system, by agreement with the board of the employing district or with the
 125.16 authorized representative of the board, may be assigned to teaching service in a part-time
 125.17 teaching position under subdivision 3. The agreement must be executed before October 1
 125.18 of the school year for which the teacher ~~requests to make retirement contributions under~~
 125.19 ~~subdivision 4~~ has been assigned to teaching service in a part-time teaching position under
 125.20 this section. A copy of the executed agreement must be filed with the executive director of
 125.21 the association. If the copy of the executed agreement is filed with the association after
 125.22 October 1 of the school year for which the teacher ~~requests to make retirement contributions~~
 125.23 ~~under subdivision 4~~ has been assigned to teaching service in a part-time teaching position,
 125.24 the employing unit shall pay the fine specified in section 354.52, subdivision 6, for each
 125.25 calendar day that elapsed since the October 1 due date, unless the association waives the
 125.26 fine. The association may not accept an executed agreement that is received by the association
 125.27 more than 15 months late. ~~The association may not waive the fine required by this section.~~

125.28 (b) Notwithstanding paragraph (a), if the teacher is also a legislator:

125.29 (1) the agreement in paragraph (a) must be executed before March 1 of the school year
 125.30 for which the teacher requests to make retirement contributions under subdivision 4; and

125.31 (2) the fines specified in paragraph (a) apply if the employing unit does not file the
 125.32 executed agreement with the executive director of the association by March 1.

125.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

126.1 Sec. 16. Minnesota Statutes 2016, section 354.72, subdivision 1, is amended to read:

126.2 Subdivision 1. **Application.** This section applies to any strike period under section
 126.3 354.05, subdivision 13, clause (6), and to any period of authorized leave of absence ~~without~~
 126.4 ~~pay~~ under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains
 126.5 credit for allowable service by making payment as specified in this section to the Teachers
 126.6 Retirement Association fund. Each year of an extended leave of absence under section
 126.7 354.094 is considered to be a separate leave for purposes of this section.

126.8 Sec. 17. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

126.9 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
 126.10 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
 126.11 that is not distributed for any reason to a municipality must be distributed by the
 126.12 commissioner of revenue according to this paragraph. The commissioner shall distribute
 126.13 60 percent of the amounts derived under this paragraph to the Teachers Retirement
 126.14 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
 126.15 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
 126.16 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association ~~or~~
 126.17 ~~the Duluth Teachers Retirement Fund Association~~ becomes fully funded, the association's
 126.18 eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance
 126.19 account at the end of the biennium if aid eligibility ceases cancel to the general fund.

126.20 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 126.21 Independent School District No. 625, St. Paul, must make an additional contribution of
 126.22 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

126.23 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization
 126.24 aid under subdivision 1 that is not distributed for any reason to a municipality must be
 126.25 distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to
 126.26 support a minimum fire state aid amount for volunteer firefighter relief associations.

126.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

126.28 **ARTICLE 12**

126.29 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION** 126.30 **ADMINISTRATIVE PROVISIONS**

126.31 Section 1. Minnesota Statutes 2016, section 354A.093, subdivision 4, is amended to read:

127.1 Subd. 4. **Eligible payment period.** (a) To receive service credit under this section, the
 127.2 contributions specified in this section must be transmitted to the ~~applicable first-class city~~
 127.3 St. Paul Teachers Retirement Fund Association during the period which begins with the
 127.4 date the individual returns to teaching service and which has a duration of three times the
 127.5 length of the uniformed service period, but not to exceed five years.

127.6 (b) Notwithstanding paragraph (a), if the payment period determined under paragraph
 127.7 (a) is less than one year, the contributions required under this section to receive service
 127.8 credit may be made within one year from the discharge date.

127.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

127.10 Sec. 2. Minnesota Statutes 2016, section 354A.38, is amended to read:

127.11 **354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.**

127.12 Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated member
 127.13 or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant to section
 127.14 354A.37, all allowable service which was credited to the member or former member shall
 127.15 be terminated.

127.16 Subd. 2. **Repayment of refund.** A coordinated member with at least two years of
 127.17 allowable service credited subsequent to the member's last application for and ~~acceptance~~
 127.18 payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The
 127.19 amount of the refund repayment shall be calculated pursuant to subdivision 3. If the member
 127.20 has ~~previously applied for and accepted~~ taken more than one refund, and the ~~previous refund~~
 127.21 ~~or all~~ refunds have not been repaid, then the member shall be entitled only to repay
 127.22 ~~all outstanding refunds and shall not be entitled to repay only the most recent refund~~ pro
 127.23 rata.

127.24 Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects
 127.25 to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal
 127.26 to refunds the member has ~~accepted~~ been issued plus interest at the ~~rate of 8.5 percent until~~
 127.27 ~~June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section
 127.28 356.59, subdivision 5, compounded annually, from the date that the refund was ~~accepted~~
 127.29 issued to the date that the refund is repaid.

127.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

128.1

ARTICLE 13

128.2

**RETIREMENT SYSTEMS, GENERALLY
ADMINISTRATIVE PROVISIONS**

128.3

128.4 Section 1. Minnesota Statutes 2016, section 356.32, subdivision 2, is amended to read:

128.5 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following
128.6 retirement plans:

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

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

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

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

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

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

128.18 (7) the Teachers Retirement Association, established under chapter 354; and

128.19 ~~(7)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter
128.20 354A.

128.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

128.22 Sec. 2. Minnesota Statutes 2016, section 356.47, subdivision 3, is amended to read:

128.23 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period
128.24 ends relating to the reemployment that gave rise to the limitation, and the filing of a written
128.25 application, the retired member is entitled to the payment, in a lump sum, of the value of
128.26 the person's amount under subdivision 2, plus annual compound interest. For the general
128.27 state employees retirement plan, the correctional state employees retirement plan, the general
128.28 employees retirement plan of the Public Employees Retirement Association, the public
128.29 employees police and fire retirement plan, the local government correctional employees
128.30 retirement plan, and the teachers retirement plan, the annual interest rate is six percent from
128.31 the date on which the amount was deducted from the retirement annuity to the date of

129.1 payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011.
129.2 For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six
129.3 percent from the date that the amount was deducted from the retirement annuity to the date
129.4 of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June
129.5 30, 2011.

129.6 (b) The written application must be on a form prescribed by the chief administrative
129.7 officer of the applicable retirement plan.

129.8 (c) If the retired member dies before the payment provided for in paragraph (a) is made,
129.9 the amount is payable, upon written application, to the deceased person's surviving spouse,
129.10 or if none, to the deceased person's designated beneficiary, or if none, to the deceased
129.11 person's estate.

129.12 (d) If the amount under subdivision 2 is an eligible rollover distribution as defined in
129.13 section 356.635, subdivisions 4 and 5, the applicable retirement plan shall provide notice
129.14 and an election:

129.15 (1) to the member regarding the member's right to elect a direct rollover under section
129.16 356.635, subdivisions 3 to 7, in lieu of the a direct payment of the person's amount under
129.17 subdivision 2, on or after the payment date under paragraph (a), if the federal Internal
129.18 Revenue Code so permits, the retired member may elect to have all or any portion of the
129.19 payment amount under this section paid in the form of a direct rollover to an eligible
129.20 retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is
129.21 specified by the retired member. If the retired member dies with a balance remaining payable
129.22 under this section, the surviving spouse of the retired member, or if none, the deceased
129.23 person's designated beneficiary, or if none, the administrator of the deceased person's estate
129.24 may elect a direct rollover under this paragraph.; or

129.25 (2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee
129.26 as defined in section 356.635, subdivision 7, to the distributee regarding the distributee's
129.27 right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of a direct
129.28 payment.

129.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

129.30 Sec. 3. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
129.31 read:

129.32 **Subd. 9a. Definitions.** (a) The following definitions apply for purposes of this subdivision
129.33 and subdivisions 10 to 12.

130.1 (b) "Annual addition" means the sum for the limitation year of all pretax and after-tax
130.2 contributions made by the member or the member's employer and credited to an account in
130.3 the name of the member in any defined contribution plan maintained by the employer.

130.4 (c) "Compensation" means the compensation actually paid or made available to a member
130.5 for any limitation year, including all items of remuneration described in Code of Federal
130.6 Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described
130.7 in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension
130.8 plan purposes for any limitation year shall not exceed the applicable federal compensation
130.9 limit described in section 356.611, subdivision 2.

130.10 (d) "Limitation year" means the calendar year or fiscal year, whichever is applicable to
130.11 the particular pension plan.

130.12 (e) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically
130.13 adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending
130.14 after December 31, 2001, payable in the form of a single life annuity. The new limitation
130.15 shall apply to limitation years ending with or within the calendar year of the date of the
130.16 adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of
130.17 that calendar year. The maximum permissible benefit amount shall be further adjusted as
130.18 follows:

130.19 (1) if the member has less than ten years of participation, the maximum permissible
130.20 benefit shall be multiplied by a fraction, the numerator of which is the number of years (or
130.21 part thereof, but not less than one year) of participation in the plan, and the denominator of
130.22 which is ten;

130.23 (2) if the annual benefit begins before the member has attained age 62, the determination
130.24 as to whether the maximum permissible benefit limit has been satisfied shall be made, in
130.25 accordance with regulations prescribed by the United States secretary of the treasury, by
130.26 reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when
130.27 the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual
130.28 benefit beginning at age 62; and

130.29 (3) if the annual benefit begins after the member has attained age 65, the determination
130.30 as to whether the maximum permissible benefit limit has been satisfied shall be made, in
130.31 accordance with regulations prescribed by the United States secretary of the treasury, by
130.32 increasing the limit so that the limit, as so increased, equals an annual benefit, beginning
130.33 when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted,
130.34 annual benefit beginning at age 65.

131.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

131.2 Sec. 4. Minnesota Statutes 2016, section 356.635, subdivision 10, is amended to read:

131.3 Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit
 131.4 payable to a member shall not exceed the maximum permissible benefit. If the benefit the
 131.5 member would otherwise receive for a limitation year would result in the payment of an
 131.6 annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced
 131.7 to the extent necessary so the benefit does not exceed the maximum permissible benefit.

131.8 (b) ~~For purposes of applying the limits of section 415(b) of the Internal Revenue Code,~~
 131.9 ~~a retirement~~ limitation in paragraph (a), an annual benefit that is payable in any form other
 131.10 than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue
 131.11 ~~Code must~~ shall be adjusted to an actuarially equivalent single life annuity that equals, if
 131.12 the annuity starting date is in a plan year beginning after 2005, the annual amount of the
 131.13 single life annuity commencing at the same annuity starting date that has the same actuarial
 131.14 present value as the participant's member's form of benefit, using whichever of the following
 131.15 produces the greatest annual amount:

131.16 (1) the interest rate and the mortality table or other tabular factor specified in the plan
 131.17 for adjusting benefits in the same form;

131.18 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

131.19 (3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and
 131.20 the applicable mortality table, divided by 1.05.

131.21 (c) If a member participated in more than one pension plan in which the employer
 131.22 participates, the benefits under each plan must be reduced proportionately to satisfy the
 131.23 limitation in paragraph (a).

131.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

131.25 Sec. 5. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
 131.26 read:

131.27 Subd. 11. **Annual addition limitation; defined contribution plans.** The annual additions
 131.28 by or on behalf of a member to a defined contribution plan for any limitation year shall not
 131.29 exceed the lesser of (1) 100 percent of the member's compensation for the limitation year
 131.30 or (2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the
 131.31 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
 131.32 section 415(d)(1)(C) of the Internal Revenue Code.

132.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

132.2 Sec. 6. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
132.3 read:

132.4 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c) of
132.5 the Internal Revenue Code and related regulations and agency guidance not addressed by
132.6 subdivisions 10 and 11 shall be considered incorporated by reference, including provisions
132.7 applicable to qualified police and firefighters and to survivor and disability benefits.
132.8 Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the requirements
132.9 of section 415(b) and (c) of the Internal Revenue Code and the related regulations.

132.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

132.11 Sec. 7. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
132.12 read:

132.13 Subd. 13. **Correction of errors.** The executive director of each plan may correct an
132.14 operational, demographic, employer eligibility, or plan document error as the executive
132.15 director deems necessary or appropriate to preserve and protect the plan's tax qualification
132.16 under section 401(a) of the Internal Revenue Code, including as provided in the Internal
132.17 Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any successor
132.18 thereto. To the extent deemed necessary by the executive director to implement correction,
132.19 the executive director may:

132.20 (1) make distributions;

132.21 (2) transfer assets; or

132.22 (3) recover an overpayment by reducing future benefit payments or designating
132.23 appropriate revenue or source of funding that will restore to the plan the amount of the
132.24 overpayment.

132.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

132.26 Sec. 8. Minnesota Statutes 2016, section 356.96, subdivision 1, is amended to read:

132.27 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a
132.28 different meaning is intended, for the purpose of this section, the terms in ~~paragraphs (b)~~
132.29 ~~to (e)~~ this subdivision have the meanings given them.

132.30 (b) ~~"Chief administrative officer"~~ "Executive director" means the executive director of
132.31 a covered pension plan or the executive director's designee or representative.

133.1 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2,
 133.2 clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation plan
 133.3 administered under sections 352.965 and 352.97 or to the postretirement health care savings
 133.4 plan administered under section 352.98.

133.5 (d) "Governing board" means the Board of Trustees of the Public Employees Retirement
 133.6 Association, the Board of Trustees of the Teachers Retirement Association, or the Board
 133.7 of Directors of the Minnesota State Retirement System.

133.8 (e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive participant
 133.9 in a covered pension plan or a beneficiary of a participant, or an individual who has applied
 133.10 to be a participant or who is or may be a survivor of a participant, or the representative of
 133.11 a state agency or other governmental unit that employs active participants in a covered
 133.12 pension plan.

133.13 (f) "Petitioner" means a person who has filed a petition for review of an executive
 133.14 director's determination under this section.

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

133.16 Sec. 9. Minnesota Statutes 2016, section 356.96, subdivision 2, is amended to read:

133.17 Subd. 2. **Right to ~~review~~ appeal to executive director; determination.** A ~~determination~~
 133.18 ~~made by the chief administrative officer~~ person may appeal a decision by the staff of a
 133.19 covered pension plan regarding a the person's eligibility, benefits, or other rights under the
 133.20 plan with which the person does not agree to the executive director of the plan. The appeal
 133.21 must be in writing and be delivered to the executive director. The executive director may
 133.22 overturn, modify, or affirm the staff's decision. The executive director's determination is
 133.23 subject to review under this section.

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

133.25 Sec. 10. Minnesota Statutes 2016, section 356.96, subdivision 3, is amended to read:

133.26 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer denies~~
 133.27 ~~an application or a written request, modifies a benefit, or terminates a benefit of a person~~
 133.28 ~~claiming a right or potential rights under a covered pension plan, the chief administrative~~
 133.29 ~~officer shall notify that person through a written notice containing:~~ The executive director
 133.30 shall issue a written notice of determination to the person who files an appeal under
 133.31 subdivision 2. The notice of determination must be delivered by certified mail to the address
 133.32 to which the most recent benefit payment was sent or, if that address is that of a financial

134.1 institution, to the last known address of the person. The notice of determination shall include
 134.2 the following:

134.3 (1) a statement of the reasons for the determination;

134.4 (2) a ~~notice~~ statement that the person may petition the governing board of the covered
 134.5 pension plan for a review of the determination and that a person's petition for review must
 134.6 be filed in the administrative office of the covered pension plan ~~within~~ no later than 60 days
 134.7 ~~of the receipt~~ after the date of the written notice of ~~the~~ determination;

134.8 (3) a statement indicating that a failure to petition for review within 60 days precludes
 134.9 the person from ~~contesting in any other~~ further administrative or judicial review ~~or court~~
 134.10 ~~procedure the issues determined by the chief administrative officer of the executive director's~~
 134.11 determination;

134.12 (4) a statement indicating that all relevant materials, documents, affidavits, and other
 134.13 records that the person wishes to be reviewed in support of the petition and a list of any
 134.14 witnesses who will testify before the governing board, along with a summary of their
 134.15 testimony, must be filed with and received in the administrative office of the covered pension
 134.16 plan at least 15 days before the date of the hearing under subdivision 10 or as directed by
 134.17 the administrative law judge who conducts a fact-finding conference under subdivision 7,
 134.18 paragraph (b), or a contested case hearing under subdivision 12, paragraph (b); and

134.19 (5) a summary of this section, including all filing requirements and deadlines; and

134.20 (6) the statement required under subdivision 4, paragraph (a), if applicable.

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

134.22 Sec. 11. Minnesota Statutes 2016, section 356.96, subdivision 4, is amended to read:

134.23 Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to~~ the executive
 134.24 director's determination will terminate a benefit that is being paid to a person, ~~before~~
 134.25 ~~terminating the benefit, the chief administrative officer must, in addition to the other~~
 134.26 ~~procedures prescribed in this section, provide the individual with written notice of the~~
 134.27 ~~pending benefit termination by certified mail. The notice must explain the reason for the~~
 134.28 ~~pending benefit termination. The person must be given an~~ the notice of determination must
 134.29 also state that the person has the opportunity to explain, in writing, in person, by telephone,
 134.30 or by e-mail, the reasons that the benefit should not be terminated.

134.31 (b) ~~If the chief administrative officer is unable to contact the person and~~ notice of
 134.32 determination is returned as undeliverable, and the person cannot be reached by any other

135.1 reasonable means of communication, and the executive director determines that a failure
 135.2 to terminate the benefit will result in unauthorized payment by a covered pension plan, the
 135.3 ~~chief administrative officer~~ executive director may terminate the benefit immediately ~~upon~~
 135.4 ~~mailing a written notice containing the information required by subdivision 3 to the address~~
 135.5 ~~to which the most recent benefit payment was sent and, if that address is that of a financial~~
 135.6 ~~institution, to the last known address of the person.~~

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

135.8 Sec. 12. Minnesota Statutes 2016, section 356.96, subdivision 5, is amended to read:

135.9 Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination required
 135.10 in subdivision 3, a person who claims a right under subdivision 2 may petition the governing
 135.11 board of the covered pension plan for a review of that decision by the governing board of
 135.12 the covered pension plan the executive director's determination.

135.13 (b) ~~A petition under this section must be sent to the chief administrative officer by mail~~
 135.14 ~~and must be postmarked~~ The petitioner must file the petition for review with the
 135.15 administrative office of the covered pension plan no later than 60 days after the person
 135.16 received date of the notice of determination required by subdivision 3. Filing of the petition
 135.17 is effective upon mailing or personal delivery. The petition must include the ~~person's~~
 135.18 petitioner's statement of the reason or reasons that the person believes the decision of the
 135.19 chief administrative officer determination of the executive director should be reversed or
 135.20 modified. The petition may include all documentation and written materials that the petitioner
 135.21 deems to be relevant. In developing a record for review by the board when a decision is
 135.22 appealed, the chief administrative officer may direct that the applicant participate in a
 135.23 fact-finding session conducted by an administrative law judge assigned by the Office of
 135.24 Administrative Hearings and, as applicable, participate in a vocational assessment conducted
 135.25 by a qualified rehabilitation counselor on contract with the applicable retirement system.

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

135.27 Sec. 13. Minnesota Statutes 2016, section 356.96, subdivision 6, is amended to read:

135.28 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not
 135.29 filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan, the
 135.30 executive director's determination is final and is not subject to further administrative or
 135.31 judicial review.

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

136.1 Sec. 14. Minnesota Statutes 2016, section 356.96, subdivision 7, is amended to read:

136.2 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a) After
136.3 receiving a petition, the ~~chief administrative officer~~ executive director must schedule a
136.4 ~~timely hearing to review~~ of the petition before the governing board of the covered pension
136.5 plan or the executive director may defer the scheduling of a hearing until after a fact-finding
136.6 conference under paragraph (b). The review must be scheduled to take into consideration
136.7 any necessary accommodations to allow the petitioner to participate in the governing board's
136.8 review.

136.9 (b) The executive director may direct the petitioner to participate in a fact-finding
136.10 conference conducted by an administrative law judge assigned by the Office of
136.11 Administrative Hearings. The fact-finding conference is an informal proceeding not subject
136.12 to the provisions of Minnesota Rules, chapter 1400, except that part 1400.7300 shall govern
136.13 the admissibility of evidence and part 1400.8603 shall govern how the fact-finding conference
136.14 is conducted. The administrative law judge must issue a report and a recommendation to
136.15 the governing board.

136.16 (c) If the petitioner's claim relates to disability benefits, the executive director may direct
136.17 the petitioner to participate in a vocational assessment conducted by a qualified rehabilitation
136.18 counselor under contract with the covered pension plan. The counselor must issue a report
136.19 regarding the assessment to the governing board.

136.20 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing date
136.21 before the governing board, the ~~chief administrative officer~~ executive director must provide
136.22 by mail to notify the petitioner an acknowledgment of the receipt of the person's petition
136.23 and a follow-up notice of the time and place of the meeting at which the governing board
136.24 is scheduled to consider the petition and conduct the hearing. If there has been no fact-finding
136.25 conference under paragraph (b), not less than 15 days before the date scheduled for the
136.26 hearing, the petitioner and the executive director must provide a copy to the governing board
136.27 and the other party copies of all relevant documents, documentary evidence, summaries,
136.28 and recommendations assembled by or on behalf of the plan administration to be considered
136.29 by the governing board that will be presented and a list of witnesses who will testify, along
136.30 with a summary of their testimony.

136.31 (e) ~~All documents and materials that the petitioner wishes to be part of the record for~~
136.32 ~~review must be filed with the chief administrative officer and must be received in the offices~~
136.33 ~~of the covered pension plan at least 15 days before the date of the meeting at which the~~
136.34 ~~petition is scheduled to be heard.~~

137.1 ~~(d) A~~ (e) The petitioner may request a continuance postponement of a the date scheduled
 137.2 for the hearing if the request is received by the chief administrative officer within before
 137.3 the governing board within a reasonable time, but no later than ten calendar days of before
 137.4 the scheduled hearing date of the applicable board meeting. The chief administrative officer
 137.5 must reschedule the review within a reasonable time. Only one continuance may be granted
 137.6 to any petitioner. A petitioner shall be granted only one postponement unless the applicable
 137.7 covered pension plan agrees to additional postponements.

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

137.9 Sec. 15. Minnesota Statutes 2016, section 356.96, subdivision 8, is amended to read:

137.10 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
 137.11 affidavits in the possession of the covered pension plan of which the covered pension plan
 137.12 desires to avail itself and be considered by the governing board, and all evidence which the
 137.13 petitioner wishes to present to the governing board, including any evidence which would
 137.14 otherwise be classified by law as "private," must be made part of the hearing record.

137.15 (b) ~~The chief administrative officer~~ executive director must provide a copy of the record
 137.16 to each member of the governing board at least ~~seven~~ five days before the scheduled hearing
 137.17 date.

137.18 (c) ~~Any additional document, affidavit, or other relevant information that the petitioner~~
 137.19 ~~requests be part of the record may be admitted with the consent of the governing board. If~~
 137.20 a fact-finding conference under subdivision 7, paragraph (b), is not conducted, the record
 137.21 is limited to those materials provided to the petitioner in accordance with subdivision 7,
 137.22 paragraph (d), those filed by the petitioner with the covered pension plan in a timely manner
 137.23 in accordance with subdivision 7, paragraph (e), any vocational assessment report under
 137.24 subdivision 7, paragraph (c), and any testimony at the hearing before the governing board.
 137.25 Any additional evidence may be placed in the record pursuant to subdivision 10, paragraph
 137.26 (b).

137.27 (d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested case
 137.28 hearing under subdivision 12, paragraph (b), is conducted, the record before the governing
 137.29 board must be limited to the following:

137.30 (1) the record from the Office of Administrative Hearings;

137.31 (2) seven-page submissions by the petitioner and a representative of the covered pension
 137.32 plan commenting on the administrative law judge's recommendation; and

137.33 (3) any vocational assessment report under subdivision 7, paragraph (c).

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

138.2 Sec. 16. Minnesota Statutes 2016, section 356.96, subdivision 9, is amended to read:

138.3 Subd. 9. **Amended determination.** At any time before the hearing before the governing
 138.4 board, for good cause shown and made part of the records of the plan, the ~~chief administrative~~
 138.5 ~~officer~~ executive director may reverse, alter, amend, or modify the prior decision which is
 138.6 subject to review under this section by issuing an amended ~~decision~~ determination to the
 138.7 petitioner. Upon doing so, the ~~chief administrative officer~~ executive director may cancel
 138.8 the governing board's scheduled review of the person's petition and ~~shall so~~ notify the
 138.9 petitioner.

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

138.11 Sec. 17. Minnesota Statutes 2016, section 356.96, subdivision 10, is amended to read:

138.12 Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing on a
 138.13 petition for review as part of a regularly scheduled board meeting, or as part of a special
 138.14 meeting if so scheduled. All governing board members who participate in the
 138.15 decision-making process must be familiar with the record. The governing board shall make
 138.16 its decision on a petition solely on the record as submitted and on the proceedings of the
 138.17 hearing.

138.18 (b) At the hearing, the petitioner, the petitioner's ~~attorney, and the chief administrative~~
 138.19 ~~officer~~ representative, if any, the executive director and a representative of the covered
 138.20 pension plan who does not also serve as the governing board's legal advisor during the
 138.21 board's decision-making process, may state and discuss with the governing board their
 138.22 positions with respect to the petition. If no fact-finding conference under subdivision 7,
 138.23 paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was conducted,
 138.24 additional evidence may be received in the form of testimony from previously disclosed
 138.25 witnesses. The governing board may allow further documentation to be placed in the record
 138.26 at the board meeting only with the agreement of both the ~~chief administrative officer~~
 138.27 ~~executive director~~ and the petitioner. The ~~chief administrative officer~~ executive director
 138.28 may not otherwise participate in the board's decision-making process.

138.29 (b) ~~When a petition presents a contested issue of law, an assistant attorney general may~~
 138.30 ~~participate and may argue on behalf of the legal position taken by the chief administrative~~
 138.31 ~~officer if that assistant attorney general does not also serve as the governing board's legal~~
 138.32 ~~advisor during the board's decision-making process.~~

139.1 ~~(e) A motion by a board member, supported by a summary of the relevant facts,~~
 139.2 ~~conclusions and reasons, as properly amended and approved by a majority of the governing~~
 139.3 ~~board, constitutes the board's final decision. A verbatim statement of the board's final~~
 139.4 ~~decision must be served upon the petitioner. If the decision is contrary to the petitioner's~~
 139.5 ~~desired outcome, the notice shall inform the petitioner of the appeal rights set forth in~~
 139.6 ~~subdivision 13.~~

139.7 ~~(d) (c) If a petitioner who received timely notice of a scheduled hearing fails to appear,~~
 139.8 ~~the governing board may nevertheless hear the petition and issue a decision.~~

139.9 (d) The governing board's decision shall be made upon a motion by a board member
 139.10 and approval by a majority of the governing board. The governing board must issue its
 139.11 decision as a written order containing findings of fact, conclusions of law, and the board's
 139.12 decision no later than 30 days after the hearing. If the decision is contrary to the petitioner's
 139.13 desired outcome, the notice must inform the petitioner of the appeal rights set forth in
 139.14 subdivision 13.

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

139.16 Sec. 18. Minnesota Statutes 2016, section 356.96, subdivision 11, is amended to read:

139.17 Subd. 11. **Disability medical issues.** ~~(a) If a person petitions the governing board the~~
 139.18 petitioner seeks to reverse or modify a determination which found by the executive director
 139.19 that there exists no was insufficient medical data supporting to support an application for
 139.20 disability benefits, the governing board may reverse that determination only if there is in
 139.21 fact medical evidence supporting the application. The governing board has the discretion
 139.22 to resubmit a disability benefit application at any time to a medical advisor for
 139.23 reconsideration, and the resubmission may include an instruction that further medical
 139.24 examinations be obtained.

139.25 ~~(b) The governing board may make a determination contrary to the recommendation of~~
 139.26 ~~the medical advisor only if there is expert medical evidence in the record to support its~~
 139.27 ~~contrary decision. If there is no medical evidence contrary to the opinion of the medical~~
 139.28 ~~advisor in the record and the medical advisor attests that the decision was made in accordance~~
 139.29 ~~with the applicable disability standard, the board must follow the decision of the medical~~
 139.30 ~~advisor regarding the cause of the disability.~~

139.31 ~~(e) The obligation of the governing board to follow the decision of the medical advisor~~
 139.32 ~~under paragraph (b) does not apply to instances when the governing board makes a~~

140.1 ~~determination different from the recommendation of the medical advisor on issues that do~~
 140.2 ~~not involve medical issues.~~

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

140.4 Sec. 19. Minnesota Statutes 2016, section 356.96, subdivision 12, is amended to read:

140.5 Subd. 12. **Referral for administrative hearing.** (a) ~~Notwithstanding any provision of~~
 140.6 ~~sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of~~
 140.7 ~~the chief administrative officer of a covered pension plan~~ A fact-finding conference under
 140.8 subdivision 7, paragraph (b), must be conducted exclusively under the procedures set forth
 140.9 in this section and is not as a contested case under chapter 14.

140.10 (b) ~~Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole
 140.11 discretion, may refer a petition brought under this section to the Office of Administrative
 140.12 Hearings for a contested case hearing under sections 14.57 to 14.69.

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

140.14 Sec. 20. Minnesota Statutes 2016, section 356.96, subdivision 13, is amended to read:

140.15 Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No later
 140.16 than 60 days of after the date of the mailing of the notice of the governing board's decision,
 140.17 the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals
 140.18 under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure.
 140.19 Failure by a person to appeal to the Court of Appeals within the 60-day period precludes
 140.20 the person from later raising, in any subsequent administrative hearing or court proceeding,
 140.21 those substantive and procedural issues that reasonably should have been raised upon a
 140.22 timely appeal.

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

140.24 Sec. 21. **REPEALER.**

140.25 (a) Minnesota Statutes 2016, section 356.611, subdivisions 3, 3a, 4, and 5, are repealed.

140.26 (b) Minnesota Statutes 2016, section 356.96, subdivisions 14 and 15, are repealed.

140.27 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective
 140.28 the day following final enactment.

141.1

ARTICLE 14

141.2

ACTUARIAL ASSUMPTION CHANGES

141.3 Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

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

141.6 (1) select and ultimate interest rate assumption

141.7		ultimate interest rate
141.8	plan	assumption

141.9	teachers retirement plan	8.5%
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141.10 The select preretirement interest rate assumption for the period through June 30, 2017,
141.11 is eight percent.

141.12 (2) single rate interest rate assumption

141.13		interest rate
141.14	plan	assumption

141.15	general state employees retirement plan	8%
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141.16	correctional state employees retirement plan	8
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141.17	State Patrol retirement plan	8
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141.18	legislators retirement plan, and for the	0
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141.19	constitutional officers calculation of total plan	
141.20	liabilities	

141.21	judges retirement plan	8
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141.22	general public employees retirement plan	8
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141.23	public employees police and fire retirement plan	8
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141.24	local government correctional service retirement	8
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141.25	plan	
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141.26	St. Paul teachers retirement plan	8
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141.27	Bloomington Fire Department Relief Association	6
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141.28	local monthly benefit volunteer firefighter relief	5
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141.29	associations	
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141.30	monthly benefit retirement plans in the statewide	6
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141.31	volunteer firefighter retirement plan	
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141.32 (b)(1) If funding stability has been attained, the valuation must use a postretirement
141.33 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
141.34 in section ~~354A.27, subdivision 7~~; 354A.29, subdivision 9 $\frac{1}{2}$ or 356.415, subdivision 1,
141.35 whichever applies.

142.1 (2) If funding stability has not been attained, the valuation must use a select postretirement
 142.2 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 142.3 in section ~~354A.27, subdivision 6a~~; 354A.29, subdivision 8₂; or 356.415, subdivision 1a,
 142.4 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary
 142.5 estimates that the plan will attain the defined funding stability measure, and thereafter an
 142.6 ultimate postretirement adjustment rate actuarial assumption equal to the postretirement
 142.7 adjustment rate under section ~~354A.27, subdivision 7~~; 354A.29, subdivision 9₂; or 356.415,
 142.8 subdivision 1, for the applicable period or periods beginning when funding stability is
 142.9 projected to be attained.

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

142.13 (1) single rate future salary increase assumption

142.14	plan	future salary increase assumption
142.15	legislators retirement plan	5%
142.16	judges retirement plan	2.75
142.17	Bloomington Fire Department Relief Association	4

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

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

142.23 For ~~plans other than the St. Paul Teachers~~
 142.24 ~~Retirement plan and the local government~~
 142.25 ~~correctional service retirement plan, the select~~
 142.26 ~~calculation is: Fund Association, during the a~~
 142.27 ~~designated select period of 15 years, in~~
 142.28 ~~addition to the age-based rates shown below,~~
 142.29 ~~a designated percentage rate of 0.2 percent is~~
 142.30 ~~multiplied by the result of the designated~~
 142.31 ~~integer 15 minus T, where T is the number of~~
 142.32 ~~completed years of service, and is added to~~
 142.33 ~~the applicable future salary increase~~
 142.34 ~~assumption. The designated select period is~~
 142.35 ~~ten years and the designated integer is ten for~~

143.1 ~~the local government correctional service~~
 143.2 ~~retirement plan and 15 for the St. Paul~~
 143.3 ~~Teachers Retirement Fund Association. The~~
 143.4 ~~designated percentage rate is 0.2 percent for~~
 143.5 ~~the St. Paul Teachers Retirement Fund~~
 143.6 ~~Association.~~

143.7 The ultimate future salary increase assumption is:

143.8	age	A	B
143.9	16	5.9%	8.75%
143.10	17	5.9	8.75
143.11	18	5.9	8.75
143.12	19	5.9	8.75
143.13	20	5.9	8.75
143.14	21	5.9	8.5
143.15	22	5.9	8.25
143.16	23	5.85	8
143.17	24	5.8	7.75
143.18	25	5.75	7.5
143.19	26	5.7	7.25
143.20	27	5.65	7
143.21	28	5.6	6.75
143.22	29	5.55	6.5
143.23	30	5.5	6.5
143.24	31	5.45	6.25
143.25	32	5.4	6.25
143.26	33	5.35	6.25
143.27	34	5.3	6
143.28	35	5.25	6
143.29	36	5.2	5.75
143.30	37	5.15	5.75
143.31	38	5.1	5.75
143.32	39	5.05	5.5
143.33	40	5	5.5
143.34	41	4.95	5.5
143.35	42	4.9	5.25
143.36	43	4.85	5
143.37	44	4.8	5

144.1	45	4.75	4.75
144.2	46	4.7	4.75
144.3	47	4.65	4.75
144.4	48	4.6	4.75
144.5	49	4.55	4.75
144.6	50	4.5	4.75
144.7	51	4.45	4.75
144.8	52	4.4	4.75
144.9	53	4.35	4.75
144.10	54	4.3	4.75
144.11	55	4.25	4.5
144.12	56	4.2	4.5
144.13	57	4.15	4.25
144.14	58	4.1	4
144.15	59	4.05	4
144.16	60	4	4
144.17	61	4	4
144.18	62	4	4
144.19	63	4	4
144.20	64	4	4
144.21	65	4	3.75
144.22	66	4	3.75
144.23	67	4	3.75
144.24	68	4	3.75
144.25	69	4	3.75
144.26	70	4	3.75

144.27 (3) service-related ~~ultimate~~ future salary increase assumption

144.28 general state employees retirement plan of the Minnesota State Retirement System assumption A

144.30 general employees retirement plan of the Public Employees Retirement Association assumption B

144.32 Teachers Retirement Association assumption C

144.33 public employees police and fire retirement plan assumption D

144.34 State Patrol retirement plan assumption E

144.35 correctional state employees retirement plan of the Minnesota State Retirement System assumption F

144.37	service						
144.38	length	A	B	C	D	E	F

145.1	1	10.25 <u>14%</u>	11.78	12 <u>9.5%</u>	12.75%	7.75%	5.75%
145.2			<u>11.5%</u>				
145.3	2	7.85 <u>11.5</u>	8.65 <u>8.5</u>	9 <u>9.5</u>	10.75	7.25	5.6
145.4	3	6.65 <u>6.25</u>	7.21 <u>7</u>	8 <u>7.75</u>	8.75	6.75	5.45
145.5	4	5.95 <u>5.5</u>	6.33 <u>6</u>	7.5 <u>7.25</u>	7.75	6.5	5.3
145.6	5	5.45 <u>5.25</u>	5.72 <u>5.5</u>	7.25 <u>7</u>	6.25	6.25	5.15
145.7	6	5.05 <u>5.15</u>	5.27 <u>5.2</u>	7	5.85	6	5
145.8	7	4.75 <u>5</u>	4.91 <u>4.9</u>	6.85	5.55	5.75	4.85
145.9	8	4.45 <u>4.75</u>	4.62 <u>4.8</u>	6.7	5.35	5.6	4.7
145.10	9	4.25 <u>4.5</u>	4.38 <u>4.7</u>	6.55	5.15	5.45	4.55
145.11	10	4.15 <u>4.25</u>	4.17 <u>4.5</u>	6.4	5.05	5.3	4.4
145.12	11	3.95 <u>4.2</u>	3.99 <u>4.25</u>	6.25	4.95	5.15	4.3
145.13	12	3.85 <u>4.15</u>	3.83 <u>4.1</u>	6	4.85	5	4.2
145.14	13	3.75 <u>4.1</u>	3.69 <u>4</u>	5.75	4.75	4.85	4.1
145.15	14	3.55 <u>4.05</u>	3.57 <u>3.9</u>	5.5	4.65	4.7	4
145.16	15	3.45 <u>4</u>	3.45 <u>3.9</u>	5.25	4.55	4.55	3.9
145.17	16	3.35 <u>3.95</u>	3.35 <u>3.85</u>	5	4.55	4.4	3.8
145.18	17	3.25 <u>3.9</u>	3.26 <u>3.8</u>	4.75	4.55	4.25	3.7
145.19	18	3.25 <u>3.85</u>	3.25 <u>3.75</u>	4.5	4.55	4.1	3.6
145.20	19	3.25 <u>3.8</u>	3.25 <u>3.75</u>	4.25 <u>4.3</u>	4.55	3.95	3.5
145.21	20	3.25 <u>3.75</u>	3.25 <u>3.75</u>	4 <u>4.2</u>	4.55	3.8	3.5
145.22	21	3.25 <u>3.7</u>	3.25 <u>3.75</u>	3.9 <u>4.1</u>	4.45	3.75	3.5
145.23	22	3.25 <u>3.65</u>	3.25 <u>3.7</u>	3.8 <u>4</u>	4.35	3.75	3.5
145.24	23	3.25 <u>3.6</u>	3.25 <u>3.6</u>	3.7 <u>3.9</u>	4.25	3.75	3.5
145.25	24	3.25 <u>3.55</u>	3.25 <u>3.6</u>	3.6 <u>3.8</u>	4.25	3.75	3.5
145.26	25	3.25 <u>3.5</u>	3.25 <u>3.6</u>	3.5 <u>3.7</u>	4.25	3.75	3.5
145.27	26	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5 <u>3.6</u>	4.25	3.75	3.5
145.28	27	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
145.29	28	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
145.30	29	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
145.31	30 or more	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5

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

145.35	plan	payroll growth assumption
145.36	general state employees retirement plan of the Minnesota	3.5%
145.37	State Retirement System	
145.38	correctional state employees retirement plan	3.5

146.1	State Patrol retirement plan	3.5
146.2	judges retirement plan	2.75
146.3	general employees retirement plan of the Public	3.5
146.4	Employees Retirement Association	
146.5	public employees police and fire retirement plan	3.5
146.6	local government correctional service retirement plan	3.5
146.7	teachers retirement plan	3.75 3.5
146.8	St. Paul teachers retirement plan	4

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

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

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

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

146.16 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to actuarial
 146.17 valuations prepared on or after that date.

146.18 **ARTICLE 15**

146.19 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS**

146.20 Section 1. Minnesota Statutes 2016, section 356A.06, subdivision 7, is amended to read:

146.21 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered
 146.22 pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and
 146.23 shall invest its assets as specified in this subdivision. The governing board of an expanded
 146.24 list plan may select and appoint investment agencies to act for or on its behalf.

146.25 (b) **Securities generally; investment forms.** An expanded list plan is authorized to
 146.26 purchase, sell, lend, and exchange the investment securities authorized under this subdivision,
 146.27 including puts and call options and future contracts traded on a contract market regulated
 146.28 by a governmental agency or by a financial institution regulated by a governmental agency.
 146.29 These securities may be owned directly or through shares in exchange-traded or mutual
 146.30 funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

146.31 (c) **Government obligations.** An expanded list plan is authorized to invest funds in
 146.32 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the
 146.33 issue is backed by the full faith and credit of the issuer or the issue is rated among the top

147.1 four quality rating categories by a nationally recognized rating agency. The obligations in
147.2 which funds may be invested under this paragraph are guaranteed or insured issues of:

147.3 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
147.4 created and regulated by an act of Congress;

147.5 (2) the Dominion of Canada or one of its provinces if the principal and interest are
147.6 payable in United States dollars;

147.7 (3) a state or one of its municipalities, political subdivisions, agencies, or
147.8 instrumentalities; and

147.9 (4) a United States government-sponsored organization of which the United States is a
147.10 member if the principal and interest are payable in United States dollars.

147.11 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized to
147.12 invest funds in bonds, notes, debentures, transportation equipment obligations, or any other
147.13 longer term evidences of indebtedness issued or guaranteed by a corporation organized
147.14 under the laws of the United States or any of its states, or the Dominion of Canada or any
147.15 of its provinces if:

147.16 (1) the principal and interest are payable in United States dollars; and

147.17 (2) the obligations are rated among the top four quality categories by a nationally
147.18 recognized rating agency.

147.19 (e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized
147.20 to invest in unrated corporate obligations or in corporate obligations that are not rated among
147.21 the top four quality categories by a nationally recognized rating agency if:

147.22 (1) the aggregate value of these obligations does not exceed five percent of the covered
147.23 pension plan's market value;

147.24 (2) the covered pension plan's participation is limited to 50 percent of a single offering
147.25 subject to this paragraph; and

147.26 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
147.27 obligations subject to this paragraph.

147.28 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

147.29 (i) bankers acceptances and deposit notes if issued by a United States bank that is rated
147.30 in the highest four quality categories by a nationally recognized rating agency;

148.1 (ii) certificates of deposit if issued by a United States bank or savings institution rated
148.2 in the highest four quality categories by a nationally recognized rating agency or whose
148.3 certificates of deposit are fully insured by federal agencies, or if issued by a credit union in
148.4 an amount within the limit of the insurance coverage provided by the National Credit Union
148.5 Administration;

148.6 (iii) commercial paper if issued by a United States corporation or its Canadian subsidiary
148.7 and if rated in the highest two quality categories by a nationally recognized rating agency;

148.8 (iv) mortgage securities and asset-backed securities if rated in the top four quality
148.9 categories by a nationally recognized rating agency;

148.10 (v) repurchase agreements and reverse repurchase agreements if collateralized with
148.11 letters of credit or securities authorized in this section;

148.12 (vi) guaranteed investment contracts if issued by an insurance company or a bank that
148.13 is rated in the top four quality categories by a nationally recognized rating agency or
148.14 alternative guaranteed investment contracts if the underlying assets comply with the
148.15 requirements of this subdivision;

148.16 (vii) savings accounts if fully insured by a federal agency; and

148.17 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic
148.18 mutual insurance company.

148.19 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of
148.20 deposit and collateralization agreements executed by the covered pension plan under clause
148.21 (1), item (ii).

148.22 (3) In addition to investments authorized by clause (1), item (iv), an expanded list plan
148.23 is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a
148.24 pool of residential mortgages, not in default, that has previously been financed by the
148.25 issuance of bonds or notes of the agency. The covered pension plan may also enter into a
148.26 commitment with the agency, at the time of any issue of bonds or notes, to purchase at a
148.27 specified future date, not exceeding 12 years from the date of the issue, the amount of
148.28 mortgage loans then outstanding and not in default that have been made or purchased from
148.29 the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees
148.30 for any such commitment and may agree to purchase the mortgage loans at a price sufficient
148.31 to produce a yield to the covered pension plan comparable, in its judgment, to the yield
148.32 available on similar mortgage loans at the date of the bonds or notes. The covered pension
148.33 plan may also enter into agreements with the agency for the investment of any portion of

149.1 the funds of the agency. The agreement must cover the period of the investment, withdrawal
149.2 privileges, and any guaranteed rate of return.

149.3 (g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or
149.4 convertible issues of any corporation organized under the laws of the United States or any
149.5 of its states, any corporation organized under the laws of the Dominion of Canada or any
149.6 of its provinces, or any corporation listed on an exchange that is regulated by an agency of
149.7 the United States or of the Canadian national government.

149.8 An investment in any corporation must not exceed five percent of the total outstanding
149.9 shares of that corporation, except that an expanded list plan may hold up to 20 percent of
149.10 the shares of a real estate investment trust and up to 20 percent of the shares of a closed
149.11 mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent
149.12 with paragraph (b).

149.13 (h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b)
149.14 to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to
149.15 invest funds in:

149.16 (i) equity and debt investment businesses through participation in limited partnerships,
149.17 trusts, private placements, limited liability corporations, limited liability companies, limited
149.18 liability partnerships, and corporations;

149.19 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust or
149.20 shares of real estate investment trusts, through investment in limited partnerships,
149.21 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance
149.22 company commingled accounts, including separate accounts;

149.23 (iii) resource investments through limited partnerships, trusts, private placements, limited
149.24 liability corporations, limited liability companies, limited liability partnerships, and
149.25 corporations; and

149.26 (iv) international securities.

149.27 (2) The investments authorized in clause (1) must conform to the following provisions:

149.28 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii),
149.29 may not exceed 35 percent of the market value of the fund for which the expanded list plan
149.30 is investing;

149.31 (ii) there must be at least four unrelated owners of the investment other than the expanded
149.32 list plan for investments made under clause (1), item (i), (ii), or (iii);

150.1 (iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent
150.2 thereof for investments made under clause (1), item (i), (ii), or (iii);

150.3 (iv) the expanded list plan's participation in a limited partnership does not include a
150.4 general partnership interest or other interest involving general liability. The expanded list
150.5 plan may not engage in any activity as a limited partner which creates general liability;

150.6 (v) the aggregate value of all unrated obligations and obligations that are not rated among
150.7 the top four quality categories by a nationally recognized rating agency authorized by
150.8 paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's
150.9 market value; and

150.10 (vi) for volunteer firefighter relief associations, emerging market equity and international
150.11 debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the
150.12 association's special fund market value.

150.13 (i) **Supplemental plan investments.** The governing body of an expanded list plan may
150.14 certify assets to the State Board of Investment for investment under section 11A.17.

150.15 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments
150.16 under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the
150.17 form in which these investments are held, must not exceed 85 percent of the covered plan's
150.18 market value.

150.19 **EFFECTIVE DATE.** This section is effective January 1, 2018.

150.20 Sec. 2. Minnesota Statutes 2016, section 424A.001, subdivision 2, is amended to read:

150.21 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department ~~or~~,
150.22 an independent nonprofit firefighting corporation, and a fire department established as or
150.23 operated by a joint powers entity under section 471.59.

150.24 **EFFECTIVE DATE.** This section is effective January 1, 2018.

150.25 Sec. 3. Minnesota Statutes 2016, section 424A.001, is amended by adding a subdivision
150.26 to read:

150.27 Subd. 2a. **Municipal.** "Municipal" means of a city or township.

150.28 **EFFECTIVE DATE.** This section is effective January 1, 2018.

151.1 Sec. 4. Minnesota Statutes 2016, section 424A.001, subdivision 3, is amended to read:

151.2 Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city or township which
 151.3 has established a fire department with which the relief association is directly associated, ~~or~~
 151.4 ~~the municipalities~~ a city or township which ~~have~~ has entered into a contract with the
 151.5 independent nonprofit firefighting corporation of which the relief association is ~~a subsidiary~~
 151.6 directly associated, or a city or township that has entered into a contract with a joint powers
 151.7 entity established under section 471.59 of which the relief association is directly associated.

151.8 **EFFECTIVE DATE.** This section is effective January 1, 2018.

151.9 Sec. 5. Minnesota Statutes 2016, section 424A.001, subdivision 10, is amended to read:

151.10 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member
 151.11 of the applicable fire department or the independent nonprofit firefighting corporation and
 151.12 is eligible for membership in the applicable relief association and:

151.13 (i) is engaged in providing emergency response services or delivering fire education or
 151.14 prevention services as a member of a ~~municipal~~ fire department, ~~a joint powers entity fire~~
 151.15 ~~department, or an independent nonprofit firefighting corporation;~~

151.16 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
 151.17 prevention duties under subdivision 8; and

151.18 (iii) meets any other minimum firefighter and service standards established by the fire
 151.19 department ~~or the independent nonprofit firefighting corporation~~ or specified in the articles
 151.20 of incorporation or bylaws of the relief association.

151.21 **EFFECTIVE DATE.** This section is effective January 1, 2018.

151.22 Sec. 6. Minnesota Statutes 2016, section 424A.002, subdivision 1, is amended to read:

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

151.29 **EFFECTIVE DATE.** This section is effective January 1, 2018.

152.1 Sec. 7. [424A.003] CERTIFICATION OF SERVICE CREDIT.

152.2 (a) When a municipal fire department, a joint powers fire department, or an independent
152.3 nonprofit firefighting corporation is directly associated with the volunteer firefighters relief
152.4 association, the fire chief shall certify annually by March 31 the service credit for the
152.5 previous calendar year of each volunteer firefighter rendering active service with the fire
152.6 department.

152.7 (b) The certification shall be made to an officer of the relief association's board of trustees
152.8 and to the municipal clerk or clerk-treasurer of the largest municipality in population served
152.9 by the associated fire department.

152.10 (c) The fire chief shall notify each volunteer firefighter rendering active service with
152.11 the fire department of the amount of service credit rendered by the firefighter for the previous
152.12 calendar year. The service credit notification and a description of the process and deadlines
152.13 for the firefighter to challenge the fire chief's determination of service credit must be provided
152.14 to the firefighter 60 days prior to its certification to the relief association and municipality.
152.15 If the service credit amount is challenged, the fire chief shall accept and consider any
152.16 additional pertinent information and shall make a final determination of service credit.

152.17 (d) The service credit certification must be expressed as the number of completed months
152.18 of the previous year during which an active volunteer firefighter rendered at least the
152.19 minimum level of duties as specified and required by the fire department under the rules,
152.20 regulations, and policies applicable to the fire department. No more than one year of service
152.21 credit may be certified for a calendar year.

152.22 (e) If a volunteer firefighter who is a member of the relief association leaves active
152.23 firefighting service to render active military service that is required to be governed by the
152.24 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
152.25 firefighter must be certified as providing service credit for the period of the military service,
152.26 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
152.27 Rights Act. If the volunteer firefighter does not return from the military service in compliance
152.28 with the federal Uniformed Services Employment and Reemployment Rights Act, the service
152.29 credits applicable to that military service credit period are forfeited and canceled at the end
152.30 of the calendar year in which the time limit set by federal law occurs.

152.31 **EFFECTIVE DATE.** This section is effective January 1, 2018.

153.1 Sec. 8. Minnesota Statutes 2016, section 424A.01, subdivision 1, is amended to read:

153.2 Subdivision 1. **Minors.** No volunteer firefighters relief association associated with a
153.3 municipality, a joint powers entity, or an independent nonprofit firefighting corporation
153.4 may include as a relief association member a minor serving as a volunteer firefighter.

153.5 **EFFECTIVE DATE.** This section is effective January 1, 2018.

153.6 Sec. 9. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to
153.7 read:

153.8 **Subd. 4a. Prohibition on receipt of concurrent service credit.** No firefighter may be
153.9 credited with service credit in a volunteer firefighters relief association for the same hours
153.10 of service for which coverage is already provided in a fund operated pursuant to chapter
153.11 353.

153.12 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to service
153.13 rendered on or after that date.

153.14 Sec. 10. Minnesota Statutes 2016, section 424A.01, subdivision 5, is amended to read:

153.15 Subd. 5. **Fire prevention personnel.** (a) If the ~~fire department is a municipal department~~
153.16 ~~and the applicable municipality approves, or if the fire department is an independent nonprofit~~
153.17 ~~firefighting corporation and the contracting municipality~~ or municipalities approve, the fire
153.18 department may employ or otherwise utilize the services of persons as volunteer firefighters
153.19 to perform fire prevention duties and to supervise fire prevention activities.

153.20 (b) Personnel serving in fire prevention positions are eligible to be members of the
153.21 applicable volunteer firefighter relief association and to qualify for service pension or other
153.22 benefit coverage of the relief association on the same basis as fire department personnel
153.23 who perform fire suppression duties.

153.24 (c) Personnel serving in fire prevention positions also are eligible to receive any other
153.25 benefits under the applicable law or practice for services on the same basis as personnel
153.26 who are employed to perform fire suppression duties.

153.27 **EFFECTIVE DATE.** This section is effective January 1, 2018.

153.28 Sec. 11. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision
153.29 to read:

153.30 **Subd. 5a. Volunteer emergency medical personnel.** Volunteer emergency medical
153.31 personnel are eligible to be members of the applicable volunteer firefighters relief association

154.1 and to qualify for service pension or other benefit coverage of the relief association on the
 154.2 same basis as fire department personnel who perform or supervise fire suppression or fire
 154.3 prevention duties, if:

154.4 (1) the fire department employs or otherwise uses the services of persons solely as
 154.5 volunteer emergency medical personnel to perform emergency medical response duties or
 154.6 supervise emergency medical response activities;

154.7 (2) the bylaws of the relief association authorize the eligibility; and

154.8 (3) the eligibility is approved by:

154.9 (i) the municipality, if the fire department is a municipal department;

154.10 (ii) the joint powers board, if the fire department is a joint powers entity; or

154.11 (iii) the contracting municipality or municipalities, if the fire department is an independent
 154.12 nonprofit firefighting corporation.

154.13 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to service
 154.14 rendered on or after that date.

154.15 Sec. 12. Minnesota Statutes 2016, section 424A.01, subdivision 6, is amended to read:

154.16 Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision
 154.17 governs the service pension calculation requirements of a firefighter who returns to active
 154.18 service after a break in service and applies to all breaks in service, except that the resumption
 154.19 service requirements of this subdivision do not apply to leaves of absence made available
 154.20 by federal statute, such as the Family Medical Leave Act, United States Code, title 29,
 154.21 section 2691, and the Uniformed Services Employment and Reemployment Rights Act,
 154.22 United States Code, title 38, section 4301, and do not apply to leaves of absence made
 154.23 available by state statute, such as the Parental Leave Act, section 181.941; the Leave for
 154.24 Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section
 154.25 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed
 154.26 in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section
 154.27 593.50.

154.28 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire
 154.29 prevention duties for at least 60 days resumes performing active firefighting with the fire
 154.30 department associated with the relief association, if the bylaws of the relief association so
 154.31 permit, the firefighter may again become an active member of the relief association. A

155.1 firefighter who returns to active service and membership is subject to the service pension
155.2 calculation requirements under this section.

155.3 (2) A firefighter who has been granted an approved leave of absence not exceeding one
155.4 year by the fire department or by the relief association is exempt from the minimum period
155.5 of resumption service requirement of this section.

155.6 (3) A person who has a break in service not exceeding one year but has not been granted
155.7 an approved leave of absence and who has not received a service pension or disability benefit
155.8 may be made exempt from the minimum period of resumption service requirement of this
155.9 section by the relief association bylaws.

155.10 (4) If the bylaws so provide, a firefighter who returns to active relief association
155.11 membership under this paragraph may continue to collect a monthly service pension,
155.12 notwithstanding the service pension eligibility requirements under chapter 424A.

155.13 (c) If a former firefighter who has received a service pension or disability benefit returns
155.14 to active relief association membership under paragraph (b), the firefighter may qualify for
155.15 the receipt of a service pension from the relief association for the resumption service period
155.16 if the firefighter meets the service requirements of section 424A.016, subdivision 3, or
155.17 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for
155.18 the same period of service.

155.19 (d) If a former firefighter who has not received a service pension or disability benefit
155.20 returns to active relief association membership under paragraph (b), the firefighter may
155.21 qualify for the receipt of a service pension from the relief association for the original and
155.22 resumption service periods if the firefighter meets the service requirements of section
155.23 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption
155.24 years of service credit.

155.25 (e) A firefighter who returns to active lump-sum relief association membership under
155.26 paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon
155.27 a subsequent cessation of duties, any service pension for the resumption service period
155.28 calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter
155.29 upon the firefighter's previous cessation of duties, a second lump-sum service pension for
155.30 the resumption service period must be calculated by applying the service pension amount
155.31 in effect on the date of the firefighter's termination of the resumption service for all years
155.32 of the resumption service.

155.33 (f) A firefighter who had not been paid a lump-sum service pension returns to active
155.34 relief association membership under paragraph (b), who did not meet the minimum period

156.1 of resumption service requirement specified in the relief association's bylaws, but who does
156.2 meet the minimum service requirement of section 424A.02, subdivision 2, based on the
156.3 firefighter's original and resumption years of active service, must have, upon a subsequent
156.4 cessation of duties, a service pension for the original and resumption service periods
156.5 calculated by applying the service pension amount in effect on the date of the firefighter's
156.6 termination of the resumption service, or, if the bylaws so provide, based on the service
156.7 pension amount in effect on the date of the firefighter's previous cessation of duties. The
156.8 service pension for a firefighter who returns to active lump-sum relief association membership
156.9 under this paragraph, but who had met the minimum period of resumption service requirement
156.10 specified in the relief association's bylaws, must be calculated by applying the service
156.11 pension amount in effect on the date of the firefighter's termination of the resumption service.

156.12 (g) If a firefighter receiving a monthly benefit service pension returns to active monthly
156.13 benefit relief association membership under paragraph (b), and if the relief association
156.14 bylaws do not allow for the firefighter to continue collecting a monthly service pension,
156.15 any monthly benefit service pension payable to the firefighter is suspended as of the first
156.16 day of the month next following the date on which the firefighter returns to active
156.17 membership. If the firefighter was receiving a monthly benefit service pension, and qualifies
156.18 for a service pension under paragraph (c), the firefighter is entitled to an additional monthly
156.19 benefit service pension upon a subsequent cessation of duties calculated based on the
156.20 resumption service credit and the service pension accrual amount in effect on the date of
156.21 the termination of the resumption service. A suspended initial service pension resumes as
156.22 of the first of the month next following the termination of the resumption service. If the
156.23 firefighter was not receiving a monthly benefit service pension and meets the minimum
156.24 service requirement of section 424A.02, subdivision 2, a service pension must be calculated
156.25 by applying the service pension amount in effect on the date of the firefighter's termination
156.26 of the resumption service for all years of service credit.

156.27 (h) A firefighter who was not receiving a monthly benefit service pension returns to
156.28 active relief association membership under paragraph (b), who did not meet the minimum
156.29 period of resumption service requirement specified in the relief association's bylaws, but
156.30 who does meet the minimum service requirement of section 424A.02, subdivision 2, based
156.31 on the firefighter's original and resumption years of active service, must have, upon a
156.32 subsequent cessation of duties, a service pension for the original and resumption service
156.33 periods calculated by applying the service pension amount in effect on the date of the
156.34 firefighter's termination of the resumption service, or, if the bylaws so provide, based on
156.35 the service pension amount in effect on the date of the firefighter's previous cessation of

157.1 duties. The service pension for a firefighter who returns to active relief association
157.2 membership under this paragraph, but who had met the minimum period of resumption
157.3 service requirement specified in the relief association's bylaws, must be calculated by
157.4 applying the service pension amount in effect on the date of the firefighter's termination of
157.5 the resumption service.

157.6 (i) For defined contribution plans, a firefighter who returns to active relief association
157.7 membership under paragraph (b) and who qualifies for a service pension under paragraph
157.8 (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the
157.9 resumption service period calculated as a separate benefit. If a service pension had been
157.10 paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter
157.11 meets the minimum service requirement of section 424A.016, subdivision 3, based on the
157.12 resumption years of service, a second service pension for the resumption service period
157.13 must be calculated to include allocations credited to the firefighter's individual account
157.14 during the resumption period of service and deductions for administrative expenses, if
157.15 applicable.

157.16 (j) For defined contribution plans, if a firefighter who had not been paid a service pension
157.17 returns to active relief association membership under paragraph (b), and who meets the
157.18 minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's
157.19 original and resumption years of service, must have, upon a subsequent cessation of duties,
157.20 a service pension for the original and resumption service periods calculated to include
157.21 allocations credited to the firefighter's individual account during the original and resumption
157.22 periods of service and deductions for administrative expenses, if applicable, less any amounts
157.23 previously forfeited under section 424A.016, subdivision 4.

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

157.25 Sec. 13. Minnesota Statutes 2016, section 424A.015, subdivision 1, is amended to read:

157.26 Subdivision 1. **Separation from active service; exception.** (a) No service pension is
157.27 payable to a person while the person remains an active member of the respective fire
157.28 department, and a person who is receiving a service pension is not entitled to receive any
157.29 other benefits from the special fund of the relief association.

157.30 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a service
157.31 pension or disability benefit to a former member of the relief association if that person has
157.32 not separated from active service with the fire department to which the relief association is
157.33 directly associated, unless:

158.1 (1) the person discontinues volunteer firefighter duties with the ~~municipality or the~~
 158.2 ~~independent nonprofit firefighting corporation, whichever applies,~~ fire department and
 158.3 performs duties within the ~~municipal fire department or corporation~~ on a full-time basis;

158.4 (2) the governing body of the municipality or of the independent nonprofit firefighting
 158.5 corporation, or of the joint powers entity has filed its determination with the board of trustees
 158.6 of the relief association that the person's experience with and service to the fire department
 158.7 in that person's full-time capacity would be difficult to replace; and

158.8 (3) the bylaws of the relief association were amended to provide for the payment of a
 158.9 service pension or disability benefit for such full-time employees.

158.10 **EFFECTIVE DATE.** This section is effective January 1, 2018.

158.11 Sec. 14. Minnesota Statutes 2016, section 424A.015, is amended by adding a subdivision
 158.12 to read:

158.13 **Subd. 7. Combined service pensions.** (a) A volunteer firefighter with credit for service
 158.14 as an active firefighter in more than one volunteer firefighters relief association is entitled
 158.15 to a prorated service pension from each relief association if:

158.16 (1) the articles of incorporation or bylaws of the relief associations provide;

158.17 (2) the applicable requirements of paragraphs (b) and (c) are met; and

158.18 (3) the volunteer firefighter otherwise qualifies.

158.19 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
 158.20 must have a total combined amount of service credit from the two or more relief associations
 158.21 of ten years or more, unless the bylaws of every affected relief association specify less than
 158.22 a ten-year service vesting requirement, in which case, the total amount of required service
 158.23 credit is the longest service vesting requirement of the relief associations. The member must
 158.24 have one year or more of service credit in each relief association. The prorated service
 158.25 pension must be based on:

158.26 (1) for defined benefit relief associations, the service pension amount in effect for the
 158.27 relief association on the date on which active volunteer firefighting services covered by that
 158.28 relief association terminate; and

158.29 (2) for defined contribution relief associations, the member's individual account balance
 158.30 on the date on which active volunteer firefighting services covered by that relief association
 158.31 terminate.

159.1 (c) To receive a prorated service pension under this subdivision, the firefighter must
159.2 become a member of the second or succeeding association and must give notice of
159.3 membership to the prior association within two years of the date of termination of active
159.4 service with the prior association. The second or subsequent relief association secretary
159.5 must certify the notice.

159.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

159.7 Sec. 15. Minnesota Statutes 2016, section 424A.016, subdivision 2, is amended to read:

159.8 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
159.9 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
159.10 special fund a defined contribution service pension to each of its members who:

159.11 (1) separates from active service with the fire department;

159.12 (2) reaches age 50;

159.13 (3) completes at least five years of active service as an active member of the ~~municipal~~
159.14 fire department to which the relief association is associated;

159.15 (4) completes at least five years of active membership with the relief association before
159.16 separation from active service; and

159.17 (5) complies with any additional conditions as to age, service, and membership that are
159.18 prescribed by the bylaws of the relief association.

159.19 (b) In the case of a member who has completed at least five years of active service as
159.20 an active member of the fire department to which the relief association is associated on the
159.21 date that the relief association is established and incorporated, the requirement that the
159.22 member complete at least five years of active membership with the relief association before
159.23 separation from active service may be waived by the board of trustees of the relief association
159.24 if the member completes at least five years of inactive membership with the relief association
159.25 before the date of the payment of the service pension. During the period of inactive
159.26 membership, the member is not entitled to receive any disability benefit coverage, is not
159.27 entitled to receive additional individual account allocation of fire state aid or municipal
159.28 contribution towards a service pension, and is considered to have the status of a person
159.29 entitled to a deferred service pension.

159.30 (c) The service pension earned by a volunteer under this chapter and the articles of
159.31 incorporation and bylaws of the relief association may be paid whether or not the municipality

160.1 or independent nonprofit firefighting corporation to which the relief association is associated
160.2 qualifies for the receipt of fire state aid under chapter 69.

160.3 **EFFECTIVE DATE.** This section is effective January 1, 2018.

160.4 Sec. 16. Minnesota Statutes 2016, section 424A.02, subdivision 1, is amended to read:

160.5 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles
160.6 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined
160.7 benefit service pension to each of its members who: (1) separates from active service with
160.8 the fire department; (2) reaches age 50; (3) completes at least five years of active service
160.9 as an active member of the ~~municipal~~ fire department to which the relief association is
160.10 associated; (4) completes at least five years of active membership with the relief association
160.11 before separation from active service; and (5) complies with any additional conditions as
160.12 to age, service, and membership that are prescribed by the bylaws of the relief association.
160.13 A service pension computed under this section may be prorated monthly for fractional years
160.14 of service as the bylaws or articles of incorporation of the relief association so provide. The
160.15 bylaws or articles of incorporation may define a "month," but the definition must require a
160.16 calendar month to have at least 16 days of active service. If the bylaws or articles of
160.17 incorporation do not define a "month," a "month" is a completed calendar month of active
160.18 service measured from the member's date of entry to the same date in the subsequent month.
160.19 The service pension earned by a volunteer firefighter under this chapter and the articles of
160.20 incorporation and bylaws of the volunteer firefighters relief association may be paid whether
160.21 or not the municipality or independent nonprofit firefighting corporation to which the relief
160.22 association is associated qualifies for the receipt of fire state aid under chapter 69.

160.23 (b) In the case of a member who has completed at least five years of active service as
160.24 an active member of the fire department to which the relief association is associated on the
160.25 date that the relief association is established and incorporated, the requirement that the
160.26 member complete at least five years of active membership with the relief association before
160.27 separation from active service may be waived by the board of trustees of the relief association
160.28 if the member completes at least five years of inactive membership with the relief association
160.29 before the date of the payment of the service pension. During the period of inactive
160.30 membership, the member is not entitled to receive disability benefit coverage, is not entitled
160.31 to receive additional service credit towards computation of a service pension, and is
160.32 considered to have the status of a person entitled to a deferred service pension under
160.33 subdivision 7.

161.1 (c) No municipality ~~or~~ independent nonprofit firefighting corporation, or joint powers
 161.2 entity may delegate the power to take final action in setting a service pension or ancillary
 161.3 benefit amount or level to the board of trustees of the relief association or to approve in
 161.4 advance a service pension or ancillary benefit amount or level equal to the maximum amount
 161.5 or level that this chapter would allow rather than a specific dollar amount or level.

161.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

161.7 Sec. 17. Minnesota Statutes 2016, section 424A.02, subdivision 3, is amended to read:

161.8 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as
 161.9 part of the certification of the financial requirements and minimum municipal obligation
 161.10 determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable,
 161.11 the secretary or some other official of the relief association designated in the bylaws of each
 161.12 defined benefit relief association shall calculate and certify to the governing body of the
 161.13 applicable municipality the average amount of available financing per active covered
 161.14 firefighter for the most recent three-year period. The amount of available financing includes
 161.15 any amounts of fire state aid and police and firefighter retirement supplemental state aid
 161.16 received or receivable by the relief association, any amounts of municipal contributions to
 161.17 the relief association raised from levies on real estate or from other available revenue sources
 161.18 exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued
 161.19 liabilities of the relief association calculated under section 424A.092, subdivision 2;
 161.20 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

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

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

	Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
161.32		
161.33		
161.34		
161.35	\$...	\$.25

162.1	41	.50
162.2	81	1.00
162.3	122	1.50
162.4	162	2.00
162.5	203	2.50
162.6	243	3.00
162.7	284	3.50
162.8	324	4.00
162.9	365	4.50
162.10	405	5.00
162.11	486	6.00
162.12	567	7.00
162.13	648	8.00
162.14	729	9.00
162.15	810	10.00
162.16	891	11.00
162.17	972	12.00
162.18	1053	13.00
162.19	1134	14.00
162.20	1215	15.00
162.21	1296	16.00
162.22	1377	17.00
162.23	1458	18.00
162.24	1539	19.00
162.25	1620	20.00
162.26	1701	21.00
162.27	1782	22.00
162.28	1823	22.50
162.29	1863	23.00
162.30	1944	24.00
162.31	2025	25.00
162.32	2106	26.00
162.33	2187	27.00
162.34	2268	28.00
162.35	2349	29.00
162.36	2430	30.00
162.37	2511	31.00
162.38	2592	32.00

163.1	2673	33.00
163.2	2754	34.00
163.3	2834	35.00
163.4	2916	36.00
163.5	2997	37.00
163.6	3078	38.00
163.7	3159	39.00
163.8	3240	40.00
163.9	3321	41.00
163.10	3402	42.00
163.11	3483	43.00
163.12	3564	44.00
163.13	3645	45.00
163.14	3726	46.00
163.15	3807	47.00
163.16	3888	48.00
163.17	3969	49.00
163.18	4050	50.00
163.19	4131	51.00
163.20	4212	52.00
163.21	4293	53.00
163.22	4374	54.00
163.23	4455	55.00
163.24	4536	56.00
163.25	4617	57.00
163.26	4698	58.00
163.27	4779	59.00
163.28	4860	60.00
163.29	4941	61.00
163.30	5022	62.00
163.31	5103	63.00
163.32	5184	64.00
163.33	5265	65.00
163.34	5346	66.00
163.35	5427	67.00
163.36	5508	68.00
163.37	5589	69.00
163.38	5670	70.00

164.1	5751	71.00
164.2	5832	72.00
164.3	5913	73.00
164.4	5994	74.00
164.5	6075	75.00
164.6	6156	76.00
164.7	6237	77.00
164.8	6318	78.00
164.9	6399	79.00
164.10	6480	80.00
164.11	6561	81.00
164.12	6642	82.00
164.13	6723	83.00
164.14	6804	84.00
164.15	6885	85.00
164.16	6966	86.00
164.17	7047	87.00
164.18	7128	88.00
164.19	7209	89.00
164.20	7290	90.00
164.21	7371	91.00
164.22	7452	92.00
164.23	7533	93.00
164.24	7614	94.00
164.25	7695	95.00
164.26	7776	96.00
164.27	7857	97.00
164.28	7938	98.00
164.29	8019	99.00
164.30	8100	100.00
164.31	any amount in excess of	
164.32	8100	100.00

164.33 (d) For a defined benefit relief association in which the governing bylaws provide for a
164.34 lump-sum service pension to a retiring member, the maximum lump-sum service pension
164.35 amount for each year of service credited that may be provided for in the bylaws is the greater
164.36 of the service pension amount provided for in the bylaws on the date of the calculation of
164.37 the average amount of the available financing per active covered firefighter or the maximum

165.1 service pension figure corresponding to the average amount of available financing per active
 165.2 covered firefighter for the applicable specified period:

165.3	Minimum Average Amount of Available	Maximum Lump-Sum Service Pension
165.4	Financing per Firefighter	Amount Payable for Each Year of Service
165.5	\$...	\$ 10
165.6	11	20
165.7	16	30
165.8	23	40
165.9	27	50
165.10	32	60
165.11	43	80
165.12	54	100
165.13	65	120
165.14	77	140
165.15	86	160
165.16	97	180
165.17	108	200
165.18	131	240
165.19	151	280
165.20	173	320
165.21	194	360
165.22	216	400
165.23	239	440
165.24	259	480
165.25	281	520
165.26	302	560
165.27	324	600
165.28	347	640
165.29	367	680
165.30	389	720
165.31	410	760
165.32	432	800
165.33	486	900
165.34	540	1000
165.35	594	1100
165.36	648	1200
165.37	702	1300
165.38	756	1400

166.1	810	1500
166.2	864	1600
166.3	918	1700
166.4	972	1800
166.5	1026	1900
166.6	1080	2000
166.7	1134	2100
166.8	1188	2200
166.9	1242	2300
166.10	1296	2400
166.11	1350	2500
166.12	1404	2600
166.13	1458	2700
166.14	1512	2800
166.15	1566	2900
166.16	1620	3000
166.17	1672	3100
166.18	1726	3200
166.19	1753	3250
166.20	1780	3300
166.21	1820	3375
166.22	1834	3400
166.23	1888	3500
166.24	1942	3600
166.25	1996	3700
166.26	2023	3750
166.27	2050	3800
166.28	2104	3900
166.29	2158	4000
166.30	2212	4100
166.31	2265	4200
166.32	2319	4300
166.33	2373	4400
166.34	2427	4500
166.35	2481	4600
166.36	2535	4700
166.37	2589	4800
166.38	2643	4900

167.1	2697	5000
167.2	2751	5100
167.3	2805	5200
167.4	2859	5300
167.5	2913	5400
167.6	2967	5500
167.7	3021	5600
167.8	3075	5700
167.9	3129	5800
167.10	3183	5900
167.11	3237	6000
167.12	3291	6100
167.13	3345	6200
167.14	3399	6300
167.15	3453	6400
167.16	3507	6500
167.17	3561	6600
167.18	3615	6700
167.19	3669	6800
167.20	3723	6900
167.21	3777	7000
167.22	3831	7100
167.23	3885	7200
167.24	3939	7300
167.25	3993	7400
167.26	4047	7500
167.27	4101	7600
167.28	4155	7700
167.29	4209	7800
167.30	4263	7900
167.31	4317	8000
167.32	4371	8100
167.33	4425	8200
167.34	4479	8300
167.35	4533	8400
167.36	4587	8500
167.37	4641	8600
167.38	4695	8700

168.1	4749	8800
168.2	4803	8900
168.3	4857	9000
168.4	4911	9100
168.5	4965	9200
168.6	5019	9300
168.7	5073	9400
168.8	5127	9500
168.9	5181	9600
168.10	5235	9700
168.11	5289	9800
168.12	5343	9900
168.13	5397	10,000
168.14	any amount in excess of	
168.15	<u>5451</u>	<u>10,100</u>
168.16	5397 <u>5505</u>	10,000 <u>10,200</u>
168.17	<u>5559</u>	<u>10,300</u>
168.18	<u>5613</u>	<u>10,400</u>
168.19	<u>5667</u>	<u>10,500</u>
168.20	<u>5721</u>	<u>10,600</u>
168.21	<u>5775</u>	<u>10,700</u>
168.22	<u>5829</u>	<u>10,800</u>
168.23	<u>5883</u>	<u>10,900</u>
168.24	<u>5937</u>	<u>11,000</u>
168.25	<u>5991</u>	<u>11,100</u>
168.26	<u>6045</u>	<u>11,200</u>
168.27	<u>6099</u>	<u>11,300</u>
168.28	<u>6153</u>	<u>11,400</u>
168.29	<u>6207</u>	<u>11,500</u>
168.30	<u>6261</u>	<u>11,600</u>
168.31	<u>6315</u>	<u>11,700</u>
168.32	<u>6369</u>	<u>11,800</u>
168.33	<u>6423</u>	<u>11,900</u>
168.34	<u>6477</u>	<u>12,000</u>
168.35	<u>6531</u>	<u>12,100</u>
168.36	<u>6585</u>	<u>12,200</u>
168.37	<u>6639</u>	<u>12,300</u>
168.38	<u>6693</u>	<u>12,400</u>

169.1	<u>6747</u>	<u>12,500</u>
169.2	<u>6801</u>	<u>12,600</u>
169.3	<u>6855</u>	<u>12,700</u>
169.4	<u>6909</u>	<u>12,800</u>
169.5	<u>6963</u>	<u>12,900</u>
169.6	<u>7017</u>	<u>13,000</u>
169.7	<u>7071</u>	<u>13,100</u>
169.8	<u>7125</u>	<u>13,200</u>
169.9	<u>7179</u>	<u>13,300</u>
169.10	<u>7233</u>	<u>13,400</u>
169.11	<u>7287</u>	<u>13,500</u>
169.12	<u>7341</u>	<u>13,600</u>
169.13	<u>7395</u>	<u>13,700</u>
169.14	<u>7449</u>	<u>13,800</u>
169.15	<u>7503</u>	<u>13,900</u>
169.16	<u>7557</u>	<u>14,000</u>
169.17	<u>7611</u>	<u>14,100</u>
169.18	<u>7665</u>	<u>14,200</u>
169.19	<u>7719</u>	<u>14,300</u>
169.20	<u>7773</u>	<u>14,400</u>
169.21	<u>7827</u>	<u>14,500</u>
169.22	<u>7881</u>	<u>14,600</u>
169.23	<u>7935</u>	<u>14,700</u>
169.24	<u>7989</u>	<u>14,800</u>
169.25	<u>8043</u>	<u>14,900</u>
169.26	<u>8097</u>	<u>15,000</u>
169.27	<u>any amount in excess of</u>	
169.28	<u>8097</u>	<u>15,000</u>

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

169.33 (f) If a defined benefit relief association establishes a service pension in compliance
 169.34 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 169.35 amount of available financing per active covered firefighter is subsequently reduced because
 169.36 of a reduction in fire state aid or because of an increase in the number of active firefighters,
 169.37 the relief association may continue to provide the prior service pension amount specified

170.1 in its bylaws, but may not increase the service pension amount until the minimum average
 170.2 amount of available financing per firefighter under the table in paragraph (c) or (d), whichever
 170.3 applies, permits.

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

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

170.11 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) For relief associations other than the
 170.12 Eden Prairie volunteer firefighters relief association, this section is effective January 1,
 170.13 2018.

170.14 (b) For the Eden Prairie volunteer firefighters relief association, this section is effective
 170.15 the day after the city council of Eden Prairie and its chief clerical officer timely complete
 170.16 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, or January
 170.17 1, 2018, whichever is earlier.

170.18 Sec. 18. Minnesota Statutes 2016, section 424A.02, subdivision 3a, is amended to read:

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

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

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

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

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

171.8 (d) The determination of the state auditor that a relief association has paid a service
171.9 pension greater than the applicable maximum must be made on the basis of the information
171.10 filed by the relief association and the municipality with the state auditor under sections
171.11 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other
171.12 relevant information that comes to the attention of the state auditor. The determination of
171.13 the state auditor is final. An aggrieved municipality, relief association, or person may appeal
171.14 the determination under section 480A.06.

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

171.22 **EFFECTIVE DATE.** This section is effective January 1, 2018.

171.23 Sec. 19. Minnesota Statutes 2016, section 424A.02, subdivision 7, is amended to read:

171.24 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association
171.25 is entitled to a deferred service pension if the member separates from active service and
171.26 membership and has completed the minimum service and membership requirements in
171.27 subdivision 1. The requirement that a member separate from active service and membership
171.28 is waived for persons who have discontinued their volunteer firefighter duties and who are
171.29 employed on a full-time basis under section 424A.015, subdivision 1.

171.30 (b) The deferred service pension is payable when the former member reaches at least
171.31 age 50, or at least the minimum age specified in the bylaws governing the relief association
171.32 if that age is greater than age 50, and when the former member makes a valid written
171.33 application.

172.1 (c) A defined benefit relief association that provides a lump-sum service pension governed
172.2 by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred
172.3 lump-sum service pension during the period of deferral. If provided for in the bylaws, interest
172.4 must be paid in one of the following manners:

172.5 (1) at the investment performance rate actually earned on that portion of the assets if the
172.6 deferred benefit amount is invested by the relief association in a separate account established
172.7 and maintained by the relief association;

172.8 (2) at the investment performance rate actually earned on that portion of the assets if the
172.9 deferred benefit amount is invested in a separate investment vehicle held by the relief
172.10 association; or

172.11 (3) at an interest rate of up to five percent, compounded annually, as set by the board of
172.12 trustees.

172.13 (d) Any change in the interest rate set by the board of trustees under paragraph (c), clause
172.14 (3), must be ratified by the governing body of the municipality or joint powers entity served
172.15 by the fire department to which the relief association is directly associated, or by the
172.16 independent nonprofit firefighting corporation, as applicable.

172.17 (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next
172.18 following the date on which the deferred service pension interest rate as set by the board of
172.19 trustees was ratified by the governing body of the municipality or joint powers entity served
172.20 by the fire department to which the relief association is directly associated, or by the
172.21 independent nonprofit firefighting corporation, as applicable.

172.22 (f) Unless the bylaws of a relief association that has elected to pay interest or additional
172.23 investment performance on deferred lump-sum service pensions under paragraph (c) specifies
172.24 a different interest or additional investment performance method, including the interest or
172.25 additional investment performance period starting date and ending date, the interest or
172.26 additional investment performance on a deferred service pension is creditable as follows:

172.27 (1) for a relief association that has elected to pay interest or additional investment
172.28 performance under paragraph (c), clause (1) or (3), beginning on the first day of the month
172.29 next following the date on which the member separates from active service and membership
172.30 and ending on the last day of the month immediately before the month in which the deferred
172.31 member commences receipt of the deferred service pension; or

172.32 (2) for a relief association that has elected to pay interest or additional investment
172.33 performance under paragraph (c), clause (2), beginning on the date that the member separates

173.1 from active service and membership and ending on the date that the separate investment
173.2 vehicle is valued immediately before the date on which the deferred member commences
173.3 receipt of the deferred service pension.

173.4 (g) For a deferred service pension that is transferred to a separate account established
173.5 and maintained by the relief association or separate investment vehicle held by the relief
173.6 association, the deferred member bears the full investment risk subsequent to transfer and
173.7 in calculating the accrued liability of the volunteer firefighters relief association that pays
173.8 a lump-sum service pension, the accrued liability for deferred service pensions is equal to
173.9 the separate relief association account balance or the fair market value of the separate
173.10 investment vehicle held by the relief association.

173.11 **EFFECTIVE DATE.** This section is effective January 1, 2018.

173.12 Sec. 20. Minnesota Statutes 2016, section 424A.04, subdivision 1, is amended to read:

173.13 Subdivision 1. **Membership.** (a) A relief association that is directly associated with a
173.14 municipal fire department must be managed by a board of trustees consisting of nine
173.15 members. Six trustees must be elected from the membership of the relief association and
173.16 three trustees must be drawn from the officials of the municipalities served by the fire
173.17 department to which the relief association is directly associated. The bylaws of a relief
173.18 association which provides a monthly benefit service pension may provide that one of the
173.19 six trustees elected from the relief association membership may be a retired member receiving
173.20 a monthly pension who is elected by the membership of the relief association. The three
173.21 municipal trustees must be one elected municipal official and one elected or appointed
173.22 municipal official who are designated as municipal representatives by the municipal
173.23 governing board annually and the chief of the municipal fire department.

173.24 (b) A relief association that is a subsidiary of an independent nonprofit firefighting
173.25 corporation must be managed by a board of trustees consisting of nine members. Six trustees
173.26 must be elected from the membership of the relief association, two trustees must be drawn
173.27 from the officials of the municipalities served by the fire department to which the relief
173.28 association is directly associated, and one trustee must be the fire chief serving with the
173.29 independent nonprofit firefighting corporation. The bylaws of a relief association may
173.30 provide that one of the six trustees elected from the relief association membership may be
173.31 a retired member receiving a monthly pension who is elected by the membership of the
173.32 relief association. The two municipal trustees must be elected or appointed municipal
173.33 officials, selected as follows:

174.1 (1) if only one municipality contracts with the independent nonprofit firefighting
174.2 corporation, the municipal trustees must be two officials of the contracting municipality
174.3 who are designated annually by the governing body of the municipality; or

174.4 (2) if two or more municipalities contract with the independent nonprofit corporation,
174.5 the municipal trustees must be one official from each of the two largest municipalities in
174.6 population who are designated annually by the governing bodies of the applicable
174.7 municipalities.

174.8 (c) The municipal trustees for a relief association that is directly associated with a fire
174.9 department operated as or by a joint powers entity must be the fire chief of the fire department
174.10 and two trustees designated annually by the joint powers board. The municipal trustees for
174.11 a relief association that is directly associated with a fire department service area township
174.12 must be the fire chief of the fire department and two trustees designated by the township
174.13 board.

174.14 (d) If a relief association lacks the municipal board members provided for in paragraph
174.15 (a), (b), or (c) because the fire department is not located in or associated with ~~an organized~~
174.16 a municipality, or joint powers entity, or township, the municipal board members must be
174.17 the fire chief of the fire department and two board members appointed from the fire
174.18 department service area by the board of commissioners of the applicable county.

174.19 (e) The term of the appointed municipal board members is one year or until the person's
174.20 successor is qualified, whichever is later.

174.21 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties
174.22 accorded to any other trustee, except the right to be an officer of the relief association board
174.23 of trustees.

174.24 (g) A board must have at least three officers, who are a president, a secretary and a
174.25 treasurer. These officers must be elected from among the elected trustees by either the full
174.26 board of trustees or by the relief association membership, as specified in the bylaws. In no
174.27 event may any trustee hold more than one officer position at any one time. The terms of the
174.28 elected trustees and of the officers of the board must be specified in the bylaws of the relief
174.29 association, but may not exceed three years. If the term of the elected trustees exceeds one
174.30 year, the election of the various trustees elected from the membership must be staggered
174.31 on as equal a basis as is practicable.

174.32 **EFFECTIVE DATE.** This section is effective January 1, 2018.

175.1 Sec. 21. Minnesota Statutes 2016, section 424A.07, is amended to read:

175.2 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
175.3 **OF RELIEF ASSOCIATIONS.**

175.4 Before paying any service pensions or retirement benefits under section 424A.02 or
175.5 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
175.6 contracting municipality under section 69.031, subdivision 5, an independent nonprofit
175.7 firefighting corporation shall establish a volunteer firefighters relief association governed
175.8 by this chapter.

175.9 **EFFECTIVE DATE.** This section is effective January 1, 2018.

175.10 Sec. 22. Minnesota Statutes 2016, section 424A.091, subdivision 3, is amended to read:

175.11 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
175.12 there exists a firefighters relief association as specified in subdivision 1 which does not
175.13 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
175.14 of any applicable special law relating to the funding or financing of the association does
175.15 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
175.16 sections 69.011 to 69.051 until the reason for the disqualification specified by the state
175.17 auditor is remedied, whereupon the municipality or relief association, if otherwise qualified,
175.18 is entitled to again receive fire state aid for the year occurring immediately subsequent to
175.19 the year in which the disqualification is remedied.

175.20 (b) The state auditor shall determine if a municipality to which a firefighters' relief
175.21 association is directly associated or a firefighters relief association fails to comply with the
175.22 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
175.23 applicable special law based upon the information contained in the annual financial report
175.24 of the firefighters relief association required under section 69.051, the actuarial valuation
175.25 of the relief association, if applicable, the relief association officers' financial requirements
175.26 of the relief association and minimum municipal obligation determination documentation
175.27 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
175.28 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
175.29 independent nonprofit firefighting corporation budget, if requested to be filed by the state
175.30 auditor, and any other relevant documents or reports obtained by the state auditor.

175.31 (c) The municipality or independent nonprofit firefighting corporation and the associated
175.32 relief association are not eligible to receive or to retain fire state aid if:

176.1 (1) the relief association fails to prepare or to file the financial report or financial
176.2 statement under section 69.051;

176.3 (2) the relief association treasurer is not bonded in the manner and in the amount required
176.4 by section 69.051, subdivision 2;

176.5 (3) the relief association officers fail to determine or improperly determine the accrued
176.6 liability and the annual accruing liability of the relief association under section 424A.092,
176.7 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

176.8 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
176.9 valuation or the officers file an actuarial valuation that does not contain the special fund
176.10 actuarial liability calculated under the entry age normal actuarial cost method, the special
176.11 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
176.12 normal cost under the entry age normal actuarial cost method, the amortization requirement
176.13 for the special fund unfunded actuarial accrued liability by the applicable target date, a
176.14 summary of the applicable benefit plan, a summary of the membership of the relief
176.15 association, a summary of the actuarial assumptions used in preparing the valuation, and a
176.16 signed statement by the actuary attesting to its results and certifying to the qualifications of
176.17 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

176.18 (5) the municipality failed to provide a municipal contribution, or the independent
176.19 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
176.20 equal to the minimum municipal obligation if the relief association is governed under section
176.21 424A.092, or the amount necessary, when added to the fire state aid actually received in
176.22 the plan year in question, to at least equal in total the calculated annual financial requirements
176.23 of the special fund of the relief association if the relief association is governed under section
176.24 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
176.25 failed to include the minimum municipal obligation certified under section 424A.092,
176.26 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
176.27 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
176.28 under section 424A.094, subdivision 2, in the corporate budget;

176.29 (6) the defined benefit relief association did not receive municipal ratification for the
176.30 most recent plan amendment when municipal ratification was required under section 424A.02,
176.31 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

176.32 (7) the relief association invested special fund assets in an investment security that is
176.33 not authorized under section 424A.095;

177.1 (8) the relief association had an administrative expense that is not authorized under
 177.2 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not
 177.3 authorized under section 424A.08;

177.4 (9) the relief association officers fail to provide a complete and accurate public pension
 177.5 plan investment portfolio and performance disclosure under section 356.219;

177.6 (10) the relief association fails to obtain the acknowledgment from a broker of the
 177.7 statement of investment restrictions under section 356A.06, subdivision 8b;

177.8 (11) the relief association officers permitted to occur a prohibited transaction under
 177.9 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
 177.10 of a prohibited transaction that did occur; or

177.11 (12) the relief association pays a defined benefit service pension in an amount that is in
 177.12 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

177.13 **EFFECTIVE DATE.** This section is effective January 1, 2018.

177.14 Sec. 23. Minnesota Statutes 2016, section 424A.094, subdivision 3, is amended to read:

177.15 Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of
 177.16 the special fund of the subsidiary relief association of the independent nonprofit firefighting
 177.17 corporation shall be governed by the provisions of section 424A.05.

177.18 **EFFECTIVE DATE.** This section is effective January 1, 2018.

177.19 Sec. 24. Minnesota Statutes 2016, section 424A.10, subdivision 1, is amended to read:

177.20 Subdivision 1. **Definitions.** For purposes of this section:

177.21 (1) "qualified recipient" means ~~an individual~~ a volunteer firefighter who receives a
 177.22 lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief
 177.23 association or from the voluntary statewide lump-sum volunteer firefighter retirement plan
 177.24 ~~for service that the individual has performed as a volunteer firefighter;~~

177.25 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
 177.26 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
 177.27 or children of a deceased active or deferred volunteer firefighter;

177.28 (3) "active volunteer firefighter" means a person who:

177.29 (i) regularly renders fire suppression service, the performance or supervision of authorized
 177.30 fire prevention duties, or the performance or supervision of authorized emergency medical

178.1 response activities for a ~~municipal~~ fire department ~~or an independent nonprofit firefighting~~
 178.2 ~~corporation, who;~~

178.3 (ii) has met the statutory and other requirements for relief association membership; and
 178.4 ~~who~~

178.5 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
 178.6 member of the relief association or from the voluntary statewide lump-sum volunteer
 178.7 firefighter retirement plan for at least one month; ~~and~~

178.8 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

178.9 (i) terminated active firefighting service, the performance or supervision of authorized
 178.10 fire prevention duties, or the performance or supervision of authorized emergency medical
 178.11 response activities; and

178.12 (ii) has sufficient service credit from the applicable relief association or from the voluntary
 178.13 statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension
 178.14 under the bylaws of the relief association, but has not applied for or has not received the
 178.15 service pension; and

178.16 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
 178.17 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
 178.18 individuals whose services were used to perform emergency medical response duties or
 178.19 supervise emergency medical response activities if authorized under section 424A.01,
 178.20 subdivision 5a.

178.21 **EFFECTIVE DATE.** This section is effective January 1, 2018.

178.22 Sec. 25. Minnesota Statutes 2016, section 424B.20, subdivision 4, is amended to read:

178.23 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal
 178.24 obligations of the special fund of the volunteer firefighters relief association under subdivision
 178.25 3, the board of the relief association shall transfer the remaining assets of the special fund,
 178.26 as securities or in cash, as applicable, to the chief financial official of the municipality in
 178.27 which the associated fire department was located if the fire department was a municipal fire
 178.28 department or to the chief financial official of the municipality with the largest population
 178.29 served by the fire department if the fire department was an independent nonprofit firefighting
 178.30 corporation. If the fire department was a joint powers entity, the remaining assets of the
 178.31 special fund shall be transferred to the chief financial official of the municipality designated
 178.32 as the fiscal agent in the joint powers agreement or, if the agreement does not designate a
 178.33 municipality as the fiscal agent, the remaining assets of the special fund shall be transferred

179.1 to the chief financial official of the municipality with the largest population served by the
179.2 joint powers fire department. The board shall also compile a schedule of the relief association
179.3 members to whom a service pension is or will be owed, any beneficiary to whom a benefit
179.4 is owed, the amount of the service pension or benefit payable based on the applicable bylaws
179.5 and state law and the service rendered to the date of the dissolution, and the date on which
179.6 the pension or benefit would first be payable under the bylaws of the relief association and
179.7 state law.

179.8 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special
179.9 fund of a volunteer firefighters relief association that is dissolving under this section shall
179.10 establish a separate account in the municipal treasury which must function as a trust fund
179.11 for members of the volunteer firefighters relief association and their beneficiaries to whom
179.12 the volunteer firefighters relief association owes a service pension or other benefit under
179.13 the bylaws of the relief association and state law. Upon proper application, on or after the
179.14 initial date on which the service pension or benefit is payable, the municipal treasurer shall
179.15 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the
179.16 other records of the dissolved relief association. The trust fund under this section must be
179.17 invested and managed consistent with chapter 356A and section 424A.095. Upon payment
179.18 of the last service pension or benefit due and owing, any remaining assets in the trust fund
179.19 ~~cancel to the general fund of the municipality;~~ or, if the fire department was a joint powers
179.20 entity, any remaining assets in the trust fund cancel to the general fund of each municipality
179.21 that was a contracting party to the joint powers agreement as specified in the joint powers
179.22 agreement. If the joint powers agreement does not specify how the remaining assets are to
179.23 be distributed among the contracting parties, each of the contracting parties shall receive a
179.24 pro rata share of the remaining assets based on the proportion of total operating contributions
179.25 each contracting municipality made to the joint powers entity over the most recent ten
179.26 calendar years. If the special fund of the volunteer firefighters relief association had an
179.27 unfunded actuarial accrued liability upon dissolution, the municipality is liable for that
179.28 unfunded actuarial accrued liability. If the fire department was a joint powers entity, the
179.29 contracting municipalities are liable for their share of the unfunded actuarial accrued liability
179.30 as specified in the joint powers agreement. If the joint powers agreement does not specify
179.31 liability for any unfunded actuarial accrued liability, the contracting municipalities are liable
179.32 for their pro rata share of the unfunded actuarial accrued liability based on the proportion
179.33 of total operating contributions each contracting municipality made to the joint powers
179.34 entity over the most recent ten calendar years.

179.35 **EFFECTIVE DATE.** This section is effective January 1, 2018.

180.1 **Sec. 26. EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION**
180.2 **SERVICE PENSIONS; RETURN TO ACTIVE SERVICE.**

180.3 (a) Notwithstanding any provision of Minnesota Statutes, section 424A.01, subdivision
180.4 6, section 424A.02, subdivision 2, or any other provision of law to the contrary, if the bylaws
180.5 of the Eden Prairie volunteer firefighters relief association so provide, a former firefighter
180.6 who has received a lump-sum service pension or is receiving a monthly benefit service
180.7 pension and returns to active relief association membership under Minnesota Statutes,
180.8 section 424A.01, subdivision 6, paragraph (b), is entitled to receive an unreduced lump-sum
180.9 service pension for the resumption service period if the firefighter completes at least three
180.10 years of active service as an active member of the fire department during the resumption
180.11 service period and completes at least three years of active membership with the relief
180.12 association during the resumption service period.

180.13 (b) A lump-sum service pension must be calculated by applying the service pension
180.14 amount in effect on the date of the firefighter's termination of the resumption service for all
180.15 years of the resumption service. No firefighter may be paid a service pension more than
180.16 once for the same period of service. Payment of a lump-sum service pension shall have no
180.17 effect on the firefighter's previous service pension.

180.18 **EFFECTIVE DATE.** This section is effective the day after the Eden Prairie City Council
180.19 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
180.20 section 645.021, subdivisions 2 and 3.

180.21 **Sec. 27. CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**
180.22 **FIREFIGHTERS.**

180.23 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

180.24 (1) determine the amount of state aid required under the bylaws of the Austin Parttime
180.25 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

180.26 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental
180.27 state aid received under Minnesota Statutes, section 423A.022;

180.28 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire
180.29 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between
180.30 the amount determined under clause (1) and the amount transmitted under clause (2); and

180.31 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections
180.32 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters

181.1 covered by the public employees police and fire retirement plan under Minnesota Statutes,
 181.2 section 353.65, subdivision 3.

181.3 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin
 181.4 has no liability to the relief association related to payments it made or will make to the
 181.5 public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015,
 181.6 2016, and 2017.

181.7 (c) This section expires July 1, 2018.

181.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 181.9 city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 181.10 subdivisions 2 and 3, and applies retroactively from January 1, 2013.

181.11 **Sec. 28. FIRE STATE AID WORK GROUP.**

181.12 (a) The executive director of the Public Employees Retirement Association shall convene
 181.13 a Fire State Aid Work Group to study and make recommendations to the Legislative
 181.14 Commission on Pensions and Retirement on:

181.15 (1) the current requirement that all fire state aid provided to municipalities with
 181.16 firefighters as defined in Minnesota Statutes, section 424A.001, subdivision 10, or 353G.01,
 181.17 subdivision 15, must be used to fund service pensions governed by Minnesota Statutes,
 181.18 chapter 424A or 353G; and

181.19 (2) modifying the requirement to allow municipalities to allocate a portion of fire state
 181.20 aid to pay employer contributions on behalf of firefighters covered by the public employees
 181.21 police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

181.22 (b) In making recommendations with information provided by Public Employees
 181.23 Retirement Association and Legislative Commission on Pensions and Retirement staff, the
 181.24 work group shall consider:

181.25 (1) the history and purpose of fire state aid;

181.26 (2) the history, purpose, and utilization of Minnesota Statutes 2012, section 353A.10,
 181.27 subdivision 6, which allowed certain municipalities to allocate a portion of fire state aid to
 181.28 pay public employees police and fire employer contributions;

181.29 (3) the impact on current volunteer firefighters, volunteer firefighter recruitment and
 181.30 retention, and municipalities if fire state aid is allocated between service pensions and public
 181.31 employees police and fire employer contributions; and

182.1 (4) a presentation by a city of Austin official and a representative from the Austin
182.2 Part-Time Firefighters Relief Association on the city of Austin's current allocation of fire
182.3 state aid.

182.4 (c) Members of the work group shall include:

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

182.6 (2) two representatives of Minnesota fire chiefs, who are fire chiefs from fire departments
182.7 with both volunteer firefighters covered by either a volunteer firefighter relief association
182.8 governed by Minnesota Statutes, chapter 424A, or the voluntary statewide volunteer
182.9 firefighter retirement plan governed by Minnesota Statutes, chapter 353G, and firefighters
182.10 covered by the public employees police and fire retirement plan governed by Minnesota
182.11 Statutes, section 353.64, appointed by the Minnesota State Fire Chiefs Association;

182.12 (3) two representatives of Minnesota volunteer firefighters, who are active volunteer
182.13 firefighters, appointed by the Minnesota State Fire Departments Association;

182.14 (4) one representative of the Office of the State Auditor, designated by the state auditor;
182.15 and

182.16 (5) one representative of the Department of Revenue, designated by the commissioner
182.17 of revenue.

182.18 (d) The work group shall elect a chair from among its members.

182.19 (e) The work group shall submit a report by December 31, 2017, that contains the work
182.20 group's recommendations to the chair, vice-chair, and executive director of the Legislative
182.21 Commission on Pensions and Retirement. The report shall include recommendations
182.22 regarding:

182.23 (1) municipalities allocating a portion of fire state aid to pay employer contributions to
182.24 the public employees police and fire retirement plan;

182.25 (2) implementation of policies if fire state aid is divided, including the determination
182.26 of:

182.27 (i) the entities that will decide how the fire state aid is allocated;

182.28 (ii) how the allocation will be documented;

182.29 (iii) how the allocation may be amended, if at all;

182.30 (iv) what entity allocates the fire state aid; and

182.31 (v) whether a government agency must monitor and enforce the allocation;

183.1 (3) the scope of allowable allocations of fire state aid; and

183.2 (4) other issues the work group determines are relevant.

183.3 (e) The work group expires the day following the last day of the 2018 legislative session.

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

183.5 Sec. 29. **REPEALER.**

183.6 Minnesota Statutes 2016, section 424A.02, subdivision 13, is repealed.

183.7 **EFFECTIVE DATE.** This section is effective January 1, 2018.

183.8 **ARTICLE 16**

183.9 **MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

183.10 Section 1. Minnesota Statutes 2016, section 352.113, subdivision 2, is amended to read:

183.11 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
 183.12 and permanent disability benefit, or someone acting on behalf of the employee upon proof
 183.13 of authority satisfactory to the director, shall file a written application for benefits in the
 183.14 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

183.15 (b) The application must be in a form and manner prescribed by the executive director.

183.16 (c) The benefit shall begin to accrue the day following the start of disability or the day
 183.17 following the last day paid, whichever is later, but not earlier than 180 days before the date
 183.18 the application is filed with the director.

183.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

183.20 Sec. 2. Minnesota Statutes 2016, section 352.91, subdivision 3f, is amended to read:

183.21 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
 183.22 correctional service" means service by a state employee in one of the employment positions
 183.23 specified in paragraph (b) in the state-operated forensic services program or the Minnesota
 183.24 sex offender program if at least 75 percent of the employee's working time is spent in direct
 183.25 contact with patients and the determination of this direct contact is certified to the executive
 183.26 director by the commissioner of human services.

183.27 (b) The employment positions are:

183.28 (1) behavior analyst 2;

183.29 (2) behavior analyst 3;

- 184.1 (3) certified occupational therapy assistant 1;
- 184.2 (4) certified occupational therapy assistant 2;
- 184.3 (5) chemical dependency counselor senior;
- 184.4 (6) client advocate;
- 184.5 (7) clinical program therapist 2;
- 184.6 (8) clinical program therapist 3;
- 184.7 (9) clinical program therapist 4;
- 184.8 (10) customer services specialist principal;
- 184.9 (11) dental assistant registered;
- 184.10 (12) group supervisor;
- 184.11 (13) group supervisor assistant;
- 184.12 (14) human services support specialist;
- 184.13 (15) licensed alcohol and drug counselor;
- 184.14 (16) licensed practical nurse;
- 184.15 (17) management analyst 3;
- 184.16 (18) occupational therapist;
- 184.17 (19) occupational therapist, senior;
- 184.18 (20) physical therapist;
- 184.19 ~~(20)~~ (21) psychologist 1;
- 184.20 ~~(21)~~ (22) psychologist 2;
- 184.21 ~~(22)~~ (23) psychologist 3;
- 184.22 ~~(23)~~ (24) recreation program assistant;
- 184.23 ~~(24)~~ (25) recreation therapist lead;
- 184.24 ~~(25)~~ (26) recreation therapist senior;
- 184.25 ~~(26)~~ (27) rehabilitation counselor senior;
- 184.26 ~~(27)~~ (28) security supervisor;
- 184.27 ~~(28)~~ (29) skills development specialist;

- 185.1 ~~(29)~~ (30) social worker senior;
- 185.2 ~~(30)~~ (31) social worker specialist;
- 185.3 ~~(31)~~ (32) social worker specialist, senior;
- 185.4 ~~(32)~~ (33) special education program assistant;
- 185.5 ~~(33)~~ (34) speech pathology clinician;
- 185.6 ~~(34)~~ (35) work therapy assistant; and
- 185.7 ~~(35)~~ (36) work therapy program coordinator.

185.8 **EFFECTIVE DATE.** This section is effective on the first day of the first payroll period

185.9 occurring after the date of enactment and applies to prospective service only.

185.10 Sec. 3. Minnesota Statutes 2016, section 352.91, subdivision 3g, is amended to read:

185.11 Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional

185.12 service" means service by a state employee in one of the employment positions specified

185.13 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct

185.14 contact with inmates and the determination of this direct contact is certified to the executive

185.15 director by the commissioner of corrections.

185.16 (b) The qualifying employment positions are:

- 185.17 (1) corrections discipline unit supervisor;
- 185.18 (2) dental assistant registered;
- 185.19 (3) dental hygienist;
- 185.20 (4) food service supervisor;
- 185.21 (5) medical assistant, certified;
- 185.22 (6) psychologist 2; and
- 185.23 ~~(5)~~ (7) sentencing to service crew leader involved with the inmate community work
- 185.24 crew program.

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

186.1 Sec. 4. Minnesota Statutes 2016, section 352.91, is amended by adding a subdivision to
186.2 read:

186.3 Subd. 4c. **Department of Human Services; procedure for coverage change**
186.4 **considerations.** (a) The commissioner of human services shall appoint a standing review
186.5 committee to review and determine classifications or positions that may be included in
186.6 legislative requests for correctional state employees retirement plan coverage under
186.7 subdivision 4a.

186.8 (b) The department's human resources director shall convene a meeting of the review
186.9 committee only at the request of a labor organization or a member of the department's
186.10 management team.

186.11 (c) The review committee must review all requests and the supporting documentation
186.12 for coverage by the correctional state employees retirement plan and must make a
186.13 recommendation to the commissioner regarding which classifications or positions meet the
186.14 statutory requirements for coverage. The review committee must also make a
186.15 recommendation to the commissioner regarding classifications or positions that no longer
186.16 meet the statutory requirement for coverage by the correctional state employees retirement
186.17 plan and removal of the classification or position from the applicable statute.

186.18 (d) The department's human resources director must provide a notice of each
186.19 determination and of the employee's right to appeal the determination. Appeals must be
186.20 filed with the department's human resources director within 30 days of the date of the notice
186.21 of determination.

186.22 (e) The commissioner of human services shall review appeals of determinations for
186.23 coverage. The commissioner's determinations are final.

186.24 (f) All classifications or positions recommended by the review committee for inclusion
186.25 in or exclusion from the correctional state employees retirement plan must be forwarded to
186.26 the commissioner of human services for the preparation of legislation to implement the
186.27 coverage change and submission. If the commissioner determines that the employment
186.28 position is appropriate for inclusion in or exclusion from the correctional state employees
186.29 retirement plan, the commissioner shall submit a written recommendation documenting
186.30 classifications or positions that should or should not be covered by the correctional state
186.31 employees retirement plan. The department's human resources director must retain the
186.32 documentation of each request and the final determination.

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

187.1 Sec. 5. Minnesota Statutes 2016, section 352D.06, subdivision 1, is amended to read:

187.2 Subdivision 1. **Annuity; reserves.** When a participant attains at least age 55, terminates
 187.3 from covered service, and applies for a retirement annuity, the cash value of the participant's
 187.4 shares must be transferred to the general state employees retirement fund and ~~must~~ be used
 187.5 to provide an annuity for the ~~retired employee~~ participant based upon the participant's age
 187.6 when the benefit begins to accrue ~~according to the reserve basis used by the general state~~
 187.7 ~~employees retirement plan in determining pensions and reserves.~~

187.8 (a) Except for participants described in paragraph (b), the monthly amount of the annuity
 187.9 must be determined using the actuarial assumptions in effect for the general state employees
 187.10 retirement plan under section 356.215 on the accrual date.

187.11 (b) For any participant who retires on or after July 1, 2017, and before July 1, 2020,
 187.12 when the participant is at least age 63 or has had at least 26 years of covered service, the
 187.13 monthly amount of the annuity must be determined using the actuarial assumptions in effect
 187.14 for the general state employees retirement plan under section 356.215 on June 30, 2016.

187.15 Subd. 1a. **Postretirement adjustments.** The annuity under ~~this~~ subdivision 1 is eligible
 187.16 for postretirement adjustments under section 356.415.

187.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

187.18 Sec. 6. Minnesota Statutes 2016, section 352F.04, subdivision 1, is amended to read:

187.19 Subdivision 1. **Enhanced augmentation rates.** ~~(a)~~ The deferred annuity of a terminated
 187.20 hospital employee ~~who attained that status before June 2, 2006,~~ is subject to augmentation
 187.21 under Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of
 187.22 augmentation is ~~5.5 percent compounded annually until~~ to be applied each January 1 is the
 187.23 following the year in which the person attains age 55:

187.24 January 1, 2018 4.5 percent

187.25 January 1, 2019 3.75 percent

187.26 January 1, 2020 3.0 percent

187.27 January 1, 2021 2.25 percent

187.28 January 1, 2022 1.5 percent

187.29 January 1, 2023 0.75 percent

187.30 After December 31, 2023, the deferred annuity must not be augmented.

187.31 Augmentation for each year is effective as of January 1 of that year.

187.32 ~~From that date to the effective date of retirement, the augmentation rate is 7.5 percent~~
 187.33 ~~compounded annually.~~

188.1 ~~(b) If a terminated hospital employee attained that status on or after June 2, 2006, the~~
 188.2 ~~augmentation rate is four percent compounded annually until January 1, following the year~~
 188.3 ~~in which the person attains age 55. From that date to the effective date of retirement, the~~
 188.4 ~~augmentation rate is six percent compounded annually.~~

188.5 Sec. 7. Minnesota Statutes 2016, section 352F.04, subdivision 2, is amended to read:

188.6 Subd. 2. ~~Exceptions~~ **Exception.** The ~~increased~~ enhanced augmentation rates specified
 188.7 in subdivision 1 do not apply if the terminated hospital employee:

188.8 ~~(1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision~~
 188.9 ~~3; or~~

188.10 ~~(2) begins receipt of a retirement annuity under chapter 352 before age 62 while employed~~
 188.11 ~~by the employer which assumed operations of the medical facility or other public employing~~
 188.12 ~~unit or purchased the medical facility or other public employing unit.~~

188.13 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

188.14 Sec. 8. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to
 188.15 read:

188.16 Subd. 3. **Return to covered employment.** (a) If a terminated hospital employee becomes
 188.17 covered by a retirement plan enumerated in section 356.30, subdivision 3, the employee
 188.18 shall be entitled to whichever of the following annuities produces the highest monthly
 188.19 payment:

188.20 (1) the deferred annuity and augmentation to which the employee would have been
 188.21 entitled under subdivision 1 reduced by the dollar amount of any annuity earned under any
 188.22 enumerated retirement plan after the effective date defined in section 352F.02, subdivision
 188.23 3;

188.24 (2) a combined service annuity calculated under section 356.30; or

188.25 (3) an annuity calculated under section 352.72 for coverage by more than one retirement
 188.26 system using the augmentation rates set forth in section 352.72, subdivision 2, paragraph
 188.27 (a).

188.28 (b) This subdivision applies to any terminated hospital employee who begins to receive
 188.29 a retirement annuity under chapter 352 on or after July 1, 2015.

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

189.1 Sec. 9. **ANNUITY ADJUSTMENT.**

189.2 Under Minnesota Statutes, section 352F.04, subdivision 3, if any terminated hospital
 189.3 employee began to receive a retirement annuity under Minnesota Statutes, chapter 352, as
 189.4 adjusted under Minnesota Statutes, chapter 352F, on or after July 1, 2015, but prior to the
 189.5 effective date of this section, the terminated hospital employee's annuity must be recalculated
 189.6 under Minnesota Statutes, section 352F.04, subdivision 3, and, if the monthly amount as
 189.7 recalculated exceeds the monthly amount being received by the terminated hospital employee,
 189.8 the Minnesota State Retirement System shall:

189.9 (1) begin paying the recalculated monthly amount as of the first payment date after the
 189.10 effective date of this section; and

189.11 (2) pay the sum of the difference between the amount the terminated hospital employee
 189.12 received each month since commencement of the annuity and the amount the terminated
 189.13 hospital employee would have received under Minnesota Statutes, section 352F.04,
 189.14 subdivision 3, for that month. The sum of the difference each month shall be paid in a lump
 189.15 sum to the terminated hospital employee along with the first payment of the recalculated
 189.16 amount under clause (1).

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

189.18 Sec. 10. **COVERAGE TRANSFER DATES.**

189.19 (a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3g,
 189.20 paragraph (b), clause (4), also covers employment in that position on or after April 18, 2016,
 189.21 for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

189.22 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3g,
 189.23 paragraph (b), clause (5), is prospective only.

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

189.25 **ARTICLE 17**

189.26 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

189.27 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 43, is amended to read:

189.28 Subd. 43. **Line of duty death.** "Line of duty death" means:

189.29 (1) a death that occurs while performing or as a direct result of performing normal or
 189.30 less frequent duties which are specific to protecting the property and personal safety of

190.1 others and that present inherent dangers that are specific to the positions covered by the
 190.2 public employees police and fire plan; or

190.3 (2) a death that is determined by the commissioner of public safety to meet the
 190.4 requirements of section 299A.41, subdivision 3.

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

190.6 Sec. 2. Minnesota Statutes 2016, section 353G.01, subdivision 9, is amended to read:

190.7 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section
 190.8 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5); a city or township that has
 190.9 entered into a contract with an independent nonprofit firefighting corporation, or a city or
 190.10 township that has entered into a contract with a joint powers entity established under section
 190.11 471.59.

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

190.13 Sec. 3. Minnesota Statutes 2016, section 353G.01, is amended by adding a subdivision to
 190.14 read:

190.15 Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief
 190.16 association established under chapter 424A to which records, assets, and liabilities related
 190.17 to lump-sum or monthly benefits for active and former firefighters will be transferred from
 190.18 the retirement fund upon satisfaction of the requirements of section 353G.17.

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

190.20 Sec. 4. Minnesota Statutes 2016, section 353G.02, subdivision 6, is amended to read:

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

190.29 ~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be~~
 190.30 ~~reimbursed by the next nine monthly benefit volunteer firefighter relief associations that~~
 190.31 ~~transfer plan administration to the voluntary statewide volunteer firefighter retirement plan.~~

191.1 ~~The reimbursement charge for each of the nine is three-tenths of one percent of the market~~
 191.2 ~~value of assets of the volunteer firefighter relief association as of December 31, 2012. The~~
 191.3 ~~reimbursement amounts, up to the amount of administrative expenses actually incurred~~
 191.4 ~~under paragraph (a) in excess of \$33,600, must be credited to the account of the fire~~
 191.5 ~~department associated with the former monthly benefit volunteer firefighter relief association~~
 191.6 ~~that first transferred plan administration to the volunteer firefighter retirement plan.~~

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

191.8 Sec. 5. Minnesota Statutes 2016, section 353G.03, subdivision 3, is amended to read:

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

191.10 (b) The advisory board members are:

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

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

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

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

191.20 (5) ~~one representative~~ three representatives of Minnesota volunteer firefighters who ~~is~~
 191.21 are covered by the lump-sum retirement division, appointed by the Minnesota State Fire
 191.22 Departments Association; and

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

191.24 Sec. 6. Minnesota Statutes 2016, section 353G.08, subdivision 3, is amended to read:

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

191.28 (1) the administrative expenses of the retirement plan;

191.29 (2) the investment expenses of the retirement fund;

191.30 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;

- 192.1 (4) the survivor benefits payable under section 353G.12; ~~and~~
 192.2 (5) the disability benefit coverage insurance premiums under section 353G.115; and
 192.3 (6) a transfer of assets under section 353G.17.

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

192.5 Sec. 7. Minnesota Statutes 2016, section 353G.11, subdivision 1, is amended to read:

192.6 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as
 192.7 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides
 192.8 the following levels of service pension amounts per full year of good time service credit to
 192.9 be selected at the election of coverage:

- 192.10 (1) a minimum service pension level of \$500 per year;
 192.11 (2) a maximum service pension level ~~of \$7,500 per year~~ equal to the largest amount
 192.12 permitted under section 424A.02, subdivision 3, paragraph (d), as a maximum lump-sum
 192.13 service pension amount payable for each year of service; and
 192.14 (3) ~~69~~ service pension levels between the minimum level and the maximum level in
 192.15 \$100 increments.

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

192.17 Sec. 8. **[353G.17] TRANSFER AUTHORIZED.**

192.18 Subdivision 1. **Entity to initiate transfer.** (a) An entity operating a fire department with
 192.19 firefighters who are covered by the retirement plan may initiate the transfer of records,
 192.20 assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the
 192.21 retirement plan to a relief association that, at the time of the transfer, will be associated with
 192.22 the entity. The entity may be a municipality, an independent nonprofit firefighting
 192.23 corporation, or a joint powers entity.

192.24 (b) A transfer is initiated by filing with the executive director the following:

- 192.25 (1) a notice of intent to initiate a transfer;
 192.26 (2) a copy of the resolutions of the entity approving the transfer of records, assets, and
 192.27 liabilities from the retirement plan to a relief association; and
 192.28 (3) for each firefighter, the firefighter's name, address, telephone number, and e-mail
 192.29 address, if any.

192.30 (c) The notice shall inform the executive director of the following:

- 193.1 (1) the transfer effective date, which shall comply with paragraph (d);
- 193.2 (2) the name of the relief association and the municipality, independent nonprofit
- 193.3 firefighting corporation, or joint powers entity with which the relief association is associated;
- 193.4 and
- 193.5 (3) a summary of the type and level of pension or retirement benefits, including any
- 193.6 ancillary benefits, provided by the relief association or, in the case of a new relief association,
- 193.7 to be provided, and related terms and conditions.
- 193.8 (d) If the notice of intent to transfer is filed with the executive director before September
- 193.9 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed
- 193.10 after August 31, the transfer takes effect on the January 1 following the one-year anniversary
- 193.11 of the filing of the notice.
- 193.12 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
- 193.13 and liabilities from the retirement plan to a relief association may occur, the board of trustees
- 193.14 of the relief association shall adopt resolutions as follows:
- 193.15 (1) approving and accepting the transfer of records, assets, and liabilities from the
- 193.16 retirement plan; and
- 193.17 (2) amending the bylaws of the relief association as necessary to add the firefighters
- 193.18 whose benefits are being transferred from the retirement plan and to provide that each benefit
- 193.19 being transferred retains vesting, distribution, and other rights to which the firefighter, for
- 193.20 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
- 193.21 the date of the transfer.
- 193.22 The board of trustees shall file a copy of the resolutions with the executive director.
- 193.23 (b) The board of trustees of the relief association shall file with the state auditor the
- 193.24 following:
- 193.25 (1) a copy of the resolutions required under paragraph (a);
- 193.26 (2) a copy of the bylaws of the relief association and any bylaw amendments;
- 193.27 (3) a copy of the relief association's investment policy;
- 193.28 (4) a statement that a board of trustees has been duly elected and each trustee's name,
- 193.29 address, telephone number, and e-mail address, if any;
- 193.30 (5) a copy of the most recent annual financial, investment, and plan administration report
- 193.31 filed under section 69.051, unless the due date for the first such report has not yet occurred;
- 193.32 and

194.1 (6) a copy of the documentation indicating that a special fund has been established with
194.2 a financial institution to receive a transfer of assets from the retirement plan.

194.3 (c) Upon receipt of the information and documents required under paragraph (b), the
194.4 state auditor shall issue to the relief association and the executive director written
194.5 confirmation of receipt of all required information and documents.

194.6 Subd. 3. **Approval by the firefighters.** (a) A transfer under subdivision 1 shall not occur
194.7 unless the active firefighters whose benefits are to be transferred from the retirement plan
194.8 to a relief association approve the transfer by a vote of the firefighters conducted by the
194.9 executive director.

194.10 (b) The approval of the firefighters shall be determined by a vote of all active firefighters
194.11 whose benefits are to be transferred. An affirmative vote of a majority of the firefighters
194.12 voting shall constitute approval.

194.13 (c) The executive director shall provide a voting ballot and the following to each active
194.14 firefighter:

194.15 (1) a summary of the benefits currently provided to the firefighters under the retirement
194.16 plan;

194.17 (2) a copy of the resolutions of the municipality approving the transfer;

194.18 (3) a copy of the resolutions of the board of trustees approving the transfer;

194.19 (4) a copy of the notice of intent to transfer required under subdivision 1;

194.20 (5) a copy of the state auditor's confirmation required under subdivision 2, paragraph
194.21 (c); and

194.22 (6) the instructions and time frame for voting. Firefighters shall be given no less than
194.23 30 days in which to vote.

194.24 (d) The vote of any firefighter, including whether or not the firefighter voted, shall not
194.25 be disclosed to any officer or member of the staff of the municipality or to any officer,
194.26 trustee, or member of the staff of the relief association.

194.27 (e) The executive director shall tally the votes and report the results to the relief
194.28 association and the municipality.

194.29 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under
194.30 subdivisions 1 to 3, the retirement plan shall transfer to the relief association as of the
194.31 effective date identified in the notice under subdivision 1, the records, assets, and liabilities
194.32 related to the former and current firefighters with benefits under the retirement plan, along

195.1 with any assets in excess of liabilities credited to the lump-sum account or the monthly
195.2 benefit retirement account attributable to the firefighters and the municipality.

195.3 (b) The executive director:

195.4 (1) shall transfer the assets in cash;

195.5 (2) shall transfer any accounts receivable associated with the lump-sum account or
195.6 monthly benefit retirement account;

195.7 (3) shall settle any accounts payable from the account before the transfer; and

195.8 (4) may deduct from the assets to be transferred reasonable costs incurred by the
195.9 retirement plan to conduct the voting process and complete the transfer.

195.10 Subd. 5. **Relief association obligations and rights upon transfer from the retirement**

195.11 **plan.** (a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement
195.12 account, the pension liabilities attributable to the benefits for the former and current
195.13 firefighters shall become the obligation of the special fund of the relief association.

195.14 (b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement
195.15 account, the board of trustees of the relief association has legal title to and management
195.16 responsibility for the transferred assets as trustees for persons having a beneficial interest
195.17 in those assets arising out of the benefit coverage provided by the account.

195.18 (c) The relief association is the successor in interest with respect to all claims against
195.19 the retirement plan relating to the transferred lump-sum account or monthly benefit retirement
195.20 account, except for claims alleging any act or acts by the retirement plan or its fiduciaries
195.21 that were not done in good faith or that constituted a breach of fiduciary responsibility under
195.22 chapter 356A.

195.23 (d) The value of each volunteer firefighter's benefit in the retirement plan on the day
195.24 before the asset transfer shall be no less than the value of the volunteer firefighter's benefit
195.25 on the day after the asset transfer. The relief association shall give credit, with respect to
195.26 each firefighter whose benefit is being transferred, for all past service, including service
195.27 credit with the retirement plan and with any predecessor relief association, to the extent
195.28 credit is given for such service in the records of the retirement plan for that firefighter.

195.29 (e) Upon completion of the transfer of records, assets, and liabilities, the executive
195.30 director shall provide written notice to the state auditor, the commissioner of revenue, and
195.31 the secretary of state that the transfer is complete.

196.1 Subd. 6. **Failure to obtain approval, certification, or verification.** If the municipality,
 196.2 board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or
 196.3 the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets,
 196.4 and liabilities from the retirement plan to the relief association shall not occur.

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

196.6 **Sec. 9. BROOK PARK; LOWERING SERVICE PENSION LEVEL.**

196.7 (a) Notwithstanding any law to the contrary, the Public Employees Retirement Association
 196.8 must lower the annual service pension level for the Brook Park lump-sum account benefits
 196.9 payable to its volunteer firefighters under Minnesota Statutes, section 353G.11, subdivision
 196.10 2, from \$1,200 to \$600, retroactively from January 1, 2016.

196.11 (b) The city of Brook Park must annually review the service pension level to determine
 196.12 if the level is appropriate, taking into account the city's need to recruit and retain volunteer
 196.13 firefighters.

196.14 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.
 196.15 Paragraph (b) is effective the day after the governing body of the city of Brook Park and
 196.16 its chief clerical officer timely complete their compliance with Minnesota Statutes, section
 196.17 645.021, subdivisions 2 and 3.

196.18 **ARTICLE 18**

196.19 **GENERALLY APPLICABLE RETIREMENT CHANGES**

196.20 Section 1. Minnesota Statutes 2016, section 356.24, subdivision 1, is amended to read:

196.21 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other
 196.22 governmental subdivision or state agency to levy taxes for or to contribute public funds to
 196.23 a supplemental pension or deferred compensation plan that is established, maintained, and
 196.24 operated in addition to a primary pension program for the benefit of the governmental
 196.25 subdivision employees other than:

196.26 (1) to a supplemental pension plan that was established, maintained, and operated before
 196.27 May 6, 1971;

196.28 (2) to a plan that provides solely for group health, hospital, disability, or death benefits;

196.29 (3) to the individual retirement account plan established by chapter 354B;

196.30 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or
 196.31 terminating employee;

197.1 (5) for employees other than personnel employed by the Board of Trustees of the
197.2 Minnesota State Colleges and Universities and covered under the Higher Education
197.3 Supplemental Retirement Plan under chapter 354C, but including city managers covered
197.4 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
197.5 (a), or by the defined contribution plan of the Public Employees Retirement Association
197.6 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
197.7 provided for in a personnel policy of the public employer or in the collective bargaining
197.8 agreement between the public employer and the exclusive representative of public employees
197.9 in an appropriate unit or in the individual employment contract between a city and a city
197.10 manager, and if for each available investment all fees and historic rates of return for the
197.11 prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily
197.12 comprehended document not to exceed two pages, in an amount matching employee
197.13 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
197.14 one-half of the available elective deferral permitted per year per employee, under the Internal
197.15 Revenue Code:

197.16 (i) to the state of Minnesota deferred compensation plan under section 352.965;

197.17 (ii) in payment of the applicable portion of the contribution made to any investment
197.18 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
197.19 complied with any applicable pension plan provisions of the Internal Revenue Code with
197.20 respect to the tax-sheltered annuity program during the preceding calendar year; or

197.21 (iii) any other deferred compensation plan offered by the employer under section 457
197.22 of the Internal Revenue Code;

197.23 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
197.24 and Universities and not covered by clause (5), to the supplemental retirement plan under
197.25 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in
197.26 the collective bargaining agreement of the public employer with the exclusive representative
197.27 of the covered employees in an appropriate unit, in an amount matching employee
197.28 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
197.29 \$2,700 a year for each employee;

197.30 (7) to a supplemental plan or to a governmental trust to save for postretirement health
197.31 care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the
197.32 supplemental plan coverage is provided for in a personnel policy or in the collective
197.33 bargaining agreement of a public employer with the exclusive representative of the covered
197.34 employees in an appropriate unit;

198.1 (8) to the laborers national industrial pension fund or to a laborers local pension fund
198.2 for the employees of a governmental subdivision who are covered by a collective bargaining
198.3 agreement that provides for coverage by that fund and that sets forth a fund contribution
198.4 rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

198.5 (9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters
198.6 local pension fund for the employees of a governmental subdivision who are covered by a
198.7 collective bargaining agreement that provides for coverage by that fund and that sets forth
198.8 a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per
198.9 employee;

198.10 (10) to the international union of operating engineers pension fund for the employees
198.11 of a governmental subdivision who are covered by a collective bargaining agreement that
198.12 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
198.13 exceed an employer contribution of \$5,000 per year per employee;

198.14 (11) to a supplemental plan organized and operated under the federal Internal Revenue
198.15 Code, as amended, that is wholly and solely funded by the employee's accumulated sick
198.16 leave, accumulated vacation leave, and accumulated severance pay;

198.17 (12) to the International Association of Machinists national pension fund for the
198.18 employees of a governmental subdivision who are covered by a collective bargaining
198.19 agreement that provides for coverage by that fund and that sets forth a fund contribution
198.20 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

198.21 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
198.22 deferred compensation program, if the employee makes a contribution, in an amount that
198.23 does not exceed the total percentage of covered salary under section 353.27, subdivisions
198.24 3 and 3a;

198.25 (14) to the alternative retirement plans established by the Hennepin County Medical
198.26 Center under section 383B.914, subdivision 5; or

198.27 (15) to the International Brotherhood of Teamsters Central States pension plan for
198.28 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who
198.29 are members of the International Brotherhood of Teamsters Local 638 by virtue of that
198.30 employment.

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

199.1 Sec. 2. **[356.631] ADDITIONAL SOURCES OF FUNDING.**

199.2 Notwithstanding any other provision of law to the contrary, in addition to all sources of
 199.3 funding described in Minnesota Statutes, section 356.63, paragraphs (a) and (b), any public
 199.4 retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is authorized
 199.5 to accept, at its discretion, for deposit in its fund the following:

199.6 (1) gifts;

199.7 (2) donations;

199.8 (3) bequests; and

199.9 (4) life insurance death benefits.

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

199.11 Sec. 3. **REPEALER.**

199.12 Minnesota Statutes 2016, sections 352.04, subdivision 11; and 353.34, subdivision 6,
 199.13 are repealed.

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

199.15 **ARTICLE 19**

199.16 **SMALL GROUP RETIREMENT CHANGES**

199.17 Section 1. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**
 199.18 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

199.19 (a) Notwithstanding any provision of law to the contrary, an eligible person described
 199.20 in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c)
 199.21 and, if the service credit purchase is made, to have an effective start date for active retirement
 199.22 plan membership of June 1, 1989, and to retire under Minnesota Statutes, section 352.116,
 199.23 subdivision 1.

199.24 (b) An eligible person is a person who:

199.25 (1) was born on the dates as follows:

<u>employee</u>	<u>birth date</u>
<u>A</u>	<u>October 2, 1968</u>
<u>B</u>	<u>June 12, 1965</u>
<u>C</u>	<u>August 10, 1958</u>
<u>D</u>	<u>April 29, 1963</u>

200.1	<u>E</u>	<u>April 11, 1955</u>
200.2	<u>F</u>	<u>August 13, 1966</u>
200.3	<u>G</u>	<u>April 22, 1961</u>
200.4	<u>H</u>	<u>December 31, 1958</u>
200.5	<u>I</u>	<u>October 10, 1966</u>
200.6	<u>J</u>	<u>February 4, 1961</u>
200.7	<u>K</u>	<u>August 21, 1963</u>
200.8	<u>L</u>	<u>January 23, 1960</u>
200.9	<u>M</u>	<u>September 19, 1966</u>
200.10	<u>N</u>	<u>November 3, 1961</u>
200.11	<u>O</u>	<u>June 13, 1958</u>
200.12	<u>P</u>	<u>June 23, 1954</u>
200.13	<u>Q</u>	<u>October 20, 1956</u>
200.14	<u>R</u>	<u>July 28, 1955</u>
200.15	<u>S</u>	<u>May 6, 1960</u>
200.16	<u>T</u>	<u>March 19, 1966</u>
200.17	<u>U</u>	<u>August 19, 1966</u>
200.18	<u>V</u>	<u>March 14, 1959</u>

200.19 (2) became an employee of the Minnesota Department of Transportation prior to July
 200.20 1, 1989, in a position which was not covered by the general state employees retirement plan
 200.21 of the Minnesota State Retirement System;

200.22 (3) was eventually employed as a permanent employee after June 30, 1989, and covered
 200.23 by the general state employees retirement plan of the Minnesota State Retirement System
 200.24 on the dates as follows:

200.25	<u>employee</u>	<u>membership record date</u>
200.26	<u>A</u>	<u>September 27, 1989</u>
200.27	<u>B</u>	<u>September 27, 1989</u>
200.28	<u>C</u>	<u>September 26, 1989</u>
200.29	<u>D</u>	<u>September 27, 1989</u>
200.30	<u>E</u>	<u>September 26, 1989</u>
200.31	<u>F</u>	<u>September 13, 1989</u>
200.32	<u>G</u>	<u>September 1, 1989</u>
200.33	<u>H</u>	<u>September 27, 1989</u>
200.34	<u>I</u>	<u>September 27, 1989</u>
200.35	<u>J</u>	<u>September 13, 1989</u>
200.36	<u>K</u>	<u>September 13, 1989</u>
200.37	<u>L</u>	<u>September 26, 1989</u>

201.1	<u>M</u>	<u>August 30, 1989</u>
201.2	<u>N</u>	<u>September 26, 1989</u>
201.3	<u>O</u>	<u>September 13, 1989</u>
201.4	<u>P</u>	<u>September 27, 1989</u>
201.5	<u>Q</u>	<u>September 27, 1989</u>
201.6	<u>R</u>	<u>September 27, 1989</u>
201.7	<u>S</u>	<u>September 13, 1989</u>
201.8	<u>T</u>	<u>September 13, 1989</u>
201.9	<u>U</u>	<u>September 27, 1989</u>
201.10	<u>V</u>	<u>September 26, 1989</u>

201.11 (4) was sent annual statements by the Minnesota State Retirement System between July
 201.12 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under Minnesota
 201.13 Statutes, section 352.116, subdivision 1; and

201.14 (5) was sent notification from the Minnesota State Retirement System revising the start
 201.15 date for general state employees retirement plan membership from a date before July 1,
 201.16 1989, to a date after June 30, 1989, and indicating consequent inapplicability of Minnesota
 201.17 Statutes, section 352.116, subdivision 1.

201.18 (c) An eligible person may purchase allowable service credit in the general state
 201.19 employees retirement plan of the Minnesota State Retirement System by paying an amount
 201.20 equal to the employer contributions and employee contributions that would have been paid
 201.21 from June 1, 1989, to the end of the month prior to the date the employee entered covered
 201.22 service plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
 201.23 compounded annually on the combined employer and employee contribution amount from
 201.24 the date the contributions would have been paid to the date the Minnesota State Retirement
 201.25 System receives payment for this service credit purchase. The payment must be made in a
 201.26 lump sum.

201.27 (d) An eligible person who purchases allowable service credit under paragraph (c) has
 201.28 a June 1, 1989, start date for the purpose of allowable service credited by the general state
 201.29 employees retirement plan of the Minnesota State Retirement System and is eligible for a
 201.30 retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

201.31 (e) Authority to purchase prior uncredited service credit under this section expires one
 201.32 year from the effective date of this section.

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

202.1 Sec. 2. PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST. CLOUD
202.2 STATE UNIVERSITY EMPLOYEE.

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

202.7 (b) An eligible person is a person who:

202.8 (1) was born on September 1, 1960;

202.9 (2) was an employee of St. Cloud State University on March 14, 2016;

202.10 (3) was a member of the general employees retirement plan of the Public Employees
202.11 Retirement Association on March 14, 2016;

202.12 (4) was employed by St. Cloud Technical College on April 1, 1993, and was a member
202.13 of the general employees retirement plan of the Public Employees Retirement Association;
202.14 and

202.15 (5) changed employment within St. Cloud State University on February 22, 2006, and
202.16 was erroneously placed into the higher education individual retirement account plan from
202.17 February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and Universities
202.18 system.

202.19 (c) The period of uncredited service authorized for purchase is the period of February
202.20 22, 2006, until May 10, 2011, during which time the eligible person was erroneously placed
202.21 into and contributed to the higher education individual retirement account plan.

202.22 (d) The eligible person's member contributions to the higher education individual
202.23 retirement account plan must be transferred to the Public Employees Retirement Association
202.24 with any earned investment returns on those contributions. The eligible person must pay
202.25 the member contributions that the eligible person would have made to the Public Employees
202.26 Retirement Association on the eligible person's compensation from the Minnesota State
202.27 Colleges and Universities system for the period of service described in paragraph (c) as if
202.28 the person had been covered by the Public Employees Retirement Association during the
202.29 period, plus annual compound interest on that amount at the rate of 8.5 percent from February
202.30 22, 2006, until June 30, 2015, and eight percent from July 1, 2015, until the date on which
202.31 payment is made to the Public Employees Retirement Association, less the transferred
202.32 member contributions and investment earnings.

203.1 (e) Upon transfer of the equivalent member contribution amount and any additional
203.2 payments under paragraph (d), the balance of the eligible person's higher education individual
203.3 retirement account plan account must be transferred to the Public Employees Retirement
203.4 Association within 60 days following the receipt of the eligible person's payment under
203.5 paragraph (d).

203.6 (f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota State
203.7 Colleges and Universities system shall pay the prior service credit purchase payment amount
203.8 calculated under Minnesota Statutes, section 356.551, less any amounts received under
203.9 paragraphs (d) and (e), within 60 days following the receipt of the eligible person's payment
203.10 under paragraph (d).

203.11 (g) Upon the transfers and payments under paragraph (f), the eligible person must be
203.12 credited by the Public Employees Retirement Association with allowable service credit for
203.13 Minnesota State Colleges and Universities System employment from February 22, 2006,
203.14 until May 10, 2011.

203.15 (h) Authority to make a service credit purchase under this section expires one year from
203.16 the effective date of this section.

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

203.18 **Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**
203.19 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

203.20 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B, to the
203.21 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
203.22 member of the Teachers Retirement Association and to purchase service and salary credit
203.23 in the Teachers Retirement Association coordinated plan retroactively from July 1, 2001,
203.24 upon repaying a member contribution refund taken from the general employees retirement
203.25 plan of the Public Employees Retirement Association under paragraph (c), upon making
203.26 an election under paragraph (e), and upon making all required payments under paragraphs
203.27 (f) and (g).

203.28 (b) An eligible person is a person who:

203.29 (1) was born April 4, 1956;

203.30 (2) was employed by a governmental subdivision in 1995, with retirement coverage in
203.31 the general employees retirement plan of the Public Employees Retirement Association,
203.32 for which a refund of member contributions and interest was taken before 2001;

204.1 (3) was employed by St. Cloud State University in the late 1990s, with retirement
204.2 coverage in the general state employees retirement plan of the Minnesota State Retirement
204.3 System;

204.4 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001, with
204.5 retirement coverage in the higher education individual retirement account plan; and

204.6 (5) was not informed of the option to elect Teachers Retirement Association coverage
204.7 in the coverage election authorized by Minnesota Statutes 2001, section 354B.21, so remained
204.8 in the higher education individual retirement account plan.

204.9 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
204.10 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35, subdivision
204.11 1, paragraph (c).

204.12 (d) Authority to repay a refund under this section expires one year from the effective
204.13 date of this section.

204.14 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
204.15 person must submit a written application to the executive director of the Teachers Retirement
204.16 Association on a form provided by the Teachers Retirement Association. The application
204.17 must include all documentation of the applicability of this section and any other relevant
204.18 information that the executive director may require. Teachers Retirement Association plan
204.19 membership commences after the date of the retirement coverage election under this section
204.20 and past salary and service credit is granted for past Minnesota State Colleges and
204.21 Universities system employment from July 1, 2001, until the executive director receives
204.22 the written application specified in this paragraph and receipts of the payments specified in
204.23 paragraphs (c), (f), and (g). Coverage by the Teachers Retirement Association is in lieu of
204.24 coverage by the individual retirement account plan.

204.25 (f) If the eligible person makes the retirement coverage election under paragraph (e),
204.26 the eligible person's member contributions to the higher education individual retirement
204.27 account plan must be transferred to the Teachers Retirement Association with any earned
204.28 investment returns on those contributions. If the transferred member contributions and
204.29 investment earnings are less than the calculated amount of the member contributions that
204.30 the eligible person would have made to the Teachers Retirement Association on the eligible
204.31 person's compensation from the Minnesota State Colleges and Universities system for the
204.32 period from July 1, 2001, to the date of the retirement coverage election if the person had
204.33 been covered by the Teachers Retirement Association during the period, plus annual
204.34 compound interest at the rate of 8.5 percent, then the eligible person shall pay the balance

205.1 of that calculated member contribution obligation within 30 days of the retirement coverage
 205.2 election.

205.3 (g) Upon the transfer of the equivalent member contribution amount and any additional
 205.4 payment under paragraph (f), the balance of the eligible person's higher education individual
 205.5 retirement account plan account must be transferred to the Teachers Retirement Association.
 205.6 If the amounts under paragraph (f) and the individual retirement account plan balance under
 205.7 this paragraph are less than the prior service credit purchase payment amount calculated
 205.8 under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities
 205.9 system shall pay the difference within 60 days of the retirement election date.

205.10 (h) The authority to make a retirement coverage election under this section expires one
 205.11 year from the effective date of this section.

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

205.13 **Sec. 4. TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY AND**
 205.14 **TECHNICAL COLLEGE FACULTY MEMBERS.**

205.15 (a) Notwithstanding any provision of law to the contrary, an eligible person described
 205.16 in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement
 205.17 Association and to purchase service and salary credit in the Teachers Retirement Association
 205.18 coordinated plan retroactive from July 19, 2000, or September 15, 2000, whichever is
 205.19 applicable, upon making an election under paragraph (c) and upon making all required
 205.20 payments under paragraphs (d) and (e).

205.21 (b) An eligible person is a person who:

205.22 (1) either:

205.23 (i) was born on September 25, 1964, and has been employed at Mesabi Range Community
 205.24 and Technical College and a contributing member of the higher education individual
 205.25 retirement account plan since July 19, 2000; or

205.26 (ii) was born on October 15, 1963, and has been employed at Mesabi Range Community
 205.27 and Technical College and a contributing member of the higher education individual
 205.28 retirement account plan since September 15, 2000;

205.29 (2) was classified in the unlimited full-time category on August 21, 2012;

205.30 (3) became eligible for an election of Teachers Retirement Association coverage under
 205.31 Laws 2009, chapter 169, article 6, section 1; and

206.1 (4) was not offered an election of Teachers Retirement Association coverage by the
206.2 Minnesota State Colleges and Universities system.

206.3 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
206.4 person must submit a written application to the executive director of the Teachers Retirement
206.5 Association on a form provided by the Teachers Retirement Association. The application
206.6 must include all documentation of the applicability of this section and any other relevant
206.7 information that the executive director may require. Teachers Retirement Association plan
206.8 membership commences after the date of the retirement coverage election under this section
206.9 and past salary and service credit is granted for past Minnesota State Colleges and
206.10 Universities system employment from July 19, 2000, or September 15, 2000, whichever is
206.11 applicable, until the executive director receives the written application specified in this
206.12 paragraph and receipts of the payments specified in paragraphs (d) and (e). Coverage by
206.13 the Teachers Retirement Association is in lieu of coverage by the individual retirement
206.14 account plan.

206.15 (d) If the eligible person makes the retirement coverage election under paragraph (c),
206.16 the eligible person shall make a contribution to the Teachers Retirement Association equal
206.17 to the excess, if any, of the employee contributions that the eligible person would have made
206.18 if the Teachers Retirement Association had provided coverage from July 19, 2000, or
206.19 September 15, 2000, whichever is applicable, rather than the individual retirement account
206.20 plan. These additional contribution amounts shall include 8.5 percent annual compound
206.21 interest computed from the date the contribution would have been made if deducted from
206.22 salary until paid. The total amount to be paid under this paragraph shall be determined by
206.23 the executive director of the Teachers Retirement Association and written notification of
206.24 the amount required under this paragraph must be transmitted to the eligible person.

206.25 (e) If payment is made under paragraph (d), the value of the applicable eligible person's
206.26 higher education individual retirement account plan account shall be transferred to the
206.27 Teachers Retirement Association.

206.28 (f) The Teachers Retirement Association shall determine the required purchase payment
206.29 amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers
206.30 Retirement Association under this section due to the salary and service credit purchase.

206.31 (g) From the total amount computed under paragraph (f), the executive director of the
206.32 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)
206.33 and (e). The Minnesota State Colleges and Universities system must transmit the remaining

207.1 amount, if any, to the executive director of the Teachers Retirement Association within 60
 207.2 days following the receipt of the payments under paragraphs (d) and (e).

207.3 (h) The authority to make a retirement coverage election under this section expires one
 207.4 year from the effective date of this section.

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

207.6 Sec. 5. **TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION**
 207.7 **AND MINNESOTA STATE RETIREMENT SYSTEM REFUND REPAYMENT**
 207.8 **AUTHORITY FOR CERTAIN WINONA STATE UNIVERSITY EMPLOYEE.**

207.9 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352 or 354B, to the
 207.10 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
 207.11 member of the Teachers Retirement Association and to purchase service and salary credit
 207.12 in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995,
 207.13 upon repaying a member contribution refund taken from the general employees retirement
 207.14 plan of the Minnesota State Retirement System under paragraph (c), upon making an election
 207.15 under paragraph (e), and upon making all required payments under paragraphs (f), (g), and
 207.16 (h).

207.17 (b) An eligible person is a person who:

207.18 (1) was born November 11, 1957;

207.19 (2) began state employment in 1981, with retirement coverage in the general employees
 207.20 retirement plan of the Minnesota State Retirement System for which a refund of member
 207.21 contributions and interest was taken;

207.22 (3) was employed by Winona State University on September 11, 1989, with retirement
 207.23 coverage in the higher education individual retirement account plan; and

207.24 (4) was not informed of the option to elect Teachers Retirement Association coverage
 207.25 in the coverage election authorized under Laws 1994, chapter 508, article 1, section 10, so
 207.26 remained in the higher education individual retirement account plan.

207.27 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
 207.28 1, paragraph (c), must be calculated under Minnesota Statutes, section 352.23.

207.29 (d) Authority to repay a refund under this section expires one year from the effective
 207.30 date of this section.

207.31 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
 207.32 person must submit a written application to the executive director of the Teachers Retirement

208.1 Association on a form provided by the Teachers Retirement Association. The application
208.2 must include all relevant documentation and information that the executive director may
208.3 require. Teachers Retirement Association plan membership commences after the date of
208.4 the retirement coverage election under this section and past salary and service credit is
208.5 granted for past Minnesota State Colleges and Universities system employment from January
208.6 1, 1995, until the executive director receives the written application specified in this
208.7 paragraph and receipts of the payments specified in paragraphs (c), (f), (g), and (h). Coverage
208.8 by the Teachers Retirement Association is in lieu of coverage by the individual retirement
208.9 account plan.

208.10 (f) If the eligible person makes the retirement coverage election under paragraph (e),
208.11 the eligible person's member contributions to the higher education individual retirement
208.12 account plan account from January 1, 1995, to the date of the retirement coverage election
208.13 must be transferred to the Teachers Retirement Association, with any earned investment
208.14 returns on those contributions. If the transferred member contributions and investment
208.15 earnings are less than the calculated amount of the member contributions that the eligible
208.16 person would have made to the Teachers Retirement Association on the eligible person's
208.17 compensation from the Minnesota State Colleges and Universities system for the period
208.18 from January 1, 1995, to the date of the retirement coverage election, if the person had been
208.19 covered by the Teachers Retirement Association during the period, plus annual compound
208.20 interest at the rate of 8.5 percent, then the eligible person shall pay the balance of that
208.21 calculated member contribution obligation within 30 days of the retirement coverage election.

208.22 (g) Upon the transfer of the equivalent member contribution amount and any additional
208.23 payment under paragraph (f), the employer contributions made on behalf of the eligible
208.24 member to the higher education individual retirement account plan account from January
208.25 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers
208.26 Retirement Association, with any earned investment returns on those contributions.

208.27 (h) If the amounts under paragraphs (f) and (g) are less than the prior service credit
208.28 purchase payment amount under Minnesota Statutes, section 356.551, the Minnesota State
208.29 Colleges and Universities system shall pay the difference within 60 days following receipt
208.30 of the amounts transmitted under paragraphs (f) and (g).

208.31 (i) The authority to make a retirement coverage election under this section expires one
208.32 year from the effective date of this section.

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

209.1 Sec. 6. **PERA COVERAGE ELECTION AND SERVICE CREDIT PURCHASE;**
209.2 **DULUTH TOWNSHIP CLERK.**

209.3 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 353D, to the
209.4 contrary, an eligible person described in paragraph (b) is eligible to purchase from the
209.5 general employees retirement plan of the Public Employees Retirement Association allowable
209.6 service credit under section 353.01, subdivision 16, for the period of service described in
209.7 paragraph (c).

209.8 (b) An eligible person is a person who:

209.9 (1) was born on July 19, 1953;

209.10 (2) became a member of the public employees defined contribution plan of the Public
209.11 Employees Retirement Association on January 7, 1997, as the elected clerk for Duluth
209.12 township;

209.13 (3) should have become a member of the public employees general plan of the Public
209.14 Employees Retirement Association on April 12, 2001, when the elected clerk position
209.15 became an appointed position;

209.16 (4) erroneously remained in the public employees defined contribution plan until February
209.17 2017; and

209.18 (5) retroactively joined the public employees general plan to January 1, 2014, pursuant
209.19 to section 353.27, subdivision 12.

209.20 (c) The period of uncredited service authorized for purchase is the period of April 12,
209.21 2001, until December 31, 2013.

209.22 (d) Any member contributions made to the public employees defined contribution plan,
209.23 plus any earned investments returns on those contributions, remaining after the transfer
209.24 associated with the cost of omitted salary deductions pursuant to section 353.27, subdivision
209.25 12, may be transferred to the public employees general plan of the Public Employees
209.26 Retirement Association upon request from the eligible person. The transfer must occur
209.27 within 60 days of the request. Authority to request a transfer under this section expires
209.28 December 31, 2017.

209.29 (e) Any employer contributions made to the public employees defined contribution plan,
209.30 plus any earned investment returns on those contributions, remaining after the transfer
209.31 associated with the cost of omitted salary deductions pursuant to section 353.27, subdivision
209.32 12, must be transferred to the public employees general plan of the Public Employees
209.33 Retirement Association at the same time as the transfer that occurs under paragraph (d).

210.1 (f) If the eligible person requests a transfer under paragraph (d), the eligible person must
 210.2 pay the member contributions that the eligible person would have made to the Public
 210.3 Employees Retirement Association on the eligible person's compensation from the Duluth
 210.4 township for the period of service described in paragraph (c) as if the person had been
 210.5 covered by the public employees general plan, plus annual compound interest on that amount
 210.6 at the rate of 8.5 percent from April 12, 2001, until June 30, 2015, and eight percent from
 210.7 July 1, 2015, until the date payment is made to the Public Employees Retirement Association,
 210.8 less the transferred member contributions and investment earnings.

210.9 (g) Upon the transfer of the amounts under paragraphs (d), (e), and (f), Duluth township
 210.10 shall pay the prior service credit purchase payment amount calculated under Minnesota
 210.11 Statutes, section 356.551, less any amounts received under paragraphs (d), (e), and (f),
 210.12 within 60 days following the receipt of the eligible person's payment under paragraph (f).

210.13 (h) Upon the transfer and payment under paragraph (g), the eligible person must be
 210.14 credited by the Public Employees Retirement Association with allowable service credit for
 210.15 Duluth township employment from April 12, 2001, until December 31, 2013.

210.16 (h) Authority to make a service credit purchase under this section expires one year from
 210.17 the effective date of this section.

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

210.19 **ARTICLE 20**

210.20 **TECHNICAL CORRECTIONS**

210.21 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

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

210.23 (1) service during years of actual membership in the course of which employee deductions
 210.24 were withheld from salary and contributions were made at the applicable rates under section
 210.25 353.27, 353.65, or 353E.03;

210.26 (2) periods of service covered by payments in lieu of salary deductions under sections
 210.27 353.27, subdivisions 12 and 12a, and 353.35;

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

211.1 (4) a period of authorized leave of absence during which the employee receives pay as
211.2 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
211.3 employee contributions are made, deposited, and credited to the fund;

211.4 (5) a period of authorized leave of absence without pay, or with pay that is not included
211.5 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which
211.6 salary deductions are not authorized, and for which a member obtained service credit for
211.7 up to 12 months of the authorized leave period by payment under section ~~353.0161~~ or
211.8 353.0162, to the fund made in place of salary deductions;

211.9 (6) a periodic, repetitive leave that is offered to all employees of a governmental
211.10 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
211.11 as certified to the association by the employer. A participating member obtains service credit
211.12 by making employee contributions in an amount or amounts based on the member's average
211.13 salary, excluding overtime pay, that would have been paid if the leave had not been taken.
211.14 The employer shall pay the employer and additional employer contributions on behalf of
211.15 the participating member. The employee and the employer are responsible to pay interest
211.16 on their respective shares at the rate of 8.5 percent until June 30, 2015, and eight percent
211.17 thereafter, compounded annually, from the end of the normal cycle until full payment is
211.18 made. An employer shall also make the employer and additional employer contributions,
211.19 plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter, compounded
211.20 annually, on behalf of an employee who makes employee contributions but terminates public
211.21 service. The employee contributions must be made within one year after the end of the
211.22 annual normal working cycle or within 30 days after termination of public service, whichever
211.23 is sooner. The executive director shall prescribe the manner and forms to be used by a
211.24 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
211.25 member must be granted allowable service credit for the purchased period;

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

211.32 (8) a period during which a member is absent from employment by a governmental
211.33 subdivision by reason of service in the uniformed services, as defined in United States Code,
211.34 title 38, section 4303(13), if the member returns to public service with the same governmental
211.35 subdivision upon discharge from service in the uniformed service within the time frames

212.1 required under United States Code, title 38, section 4312(e), provided that the member did
212.2 not separate from uniformed service with a dishonorable or bad conduct discharge or under
212.3 other than honorable conditions. The service must be credited if the member pays into the
212.4 fund equivalent employee contributions based upon the contribution rate or rates in effect
212.5 at the time that the uniformed service was performed multiplied by the full and fractional
212.6 years being purchased and applied to the annual salary rate. The annual salary rate is the
212.7 average annual salary during the purchase period that the member would have received if
212.8 the member had continued to be employed in covered employment rather than to provide
212.9 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
212.10 salary rate is the member's average salary rate during the 12-month period of covered
212.11 employment rendered immediately preceding the period of the uniformed service. Payment
212.12 of the member equivalent contributions must be made during a period that begins with the
212.13 date on which the individual returns to public employment and that is three times the length
212.14 of the military leave period, or within five years of the date of discharge from the military
212.15 service, whichever is less. If the determined payment period is less than one year, the
212.16 contributions required under this clause to receive service credit may be made within one
212.17 year of the discharge date. Payment may not be accepted following 30 days after termination
212.18 of public service under subdivision 11a. If the member equivalent contributions provided
212.19 for in this clause are not paid in full, the member's allowable service credit must be prorated
212.20 by multiplying the full and fractional number of years of uniformed service eligible for
212.21 purchase by the ratio obtained by dividing the total member contributions received by the
212.22 total member contributions otherwise required under this clause. The equivalent employer
212.23 contribution, and, if applicable, the equivalent additional employer contribution must be
212.24 paid by the governmental subdivision employing the member if the member makes the
212.25 equivalent employee contributions. The employer payments must be made from funds
212.26 available to the employing unit, using the employer and additional employer contribution
212.27 rate or rates in effect at the time that the uniformed service was performed, applied to the
212.28 same annual salary rate or rates used to compute the equivalent member contribution. The
212.29 governmental subdivision involved may appropriate money for those payments. The amount
212.30 of service credit obtainable under this section may not exceed five years unless a longer
212.31 purchase period is required under United States Code, title 38, section 4312. The employing
212.32 unit shall pay interest on all equivalent member and employer contribution amounts payable
212.33 under this clause. Interest must be computed at the rate of 8.5 percent until June 30, 2015,
212.34 and eight percent thereafter, compounded annually, from the end of each fiscal year of the
212.35 leave or the break in service to the end of the month in which the payment is received. Upon

213.1 payment, the employee must be granted allowable service credit for the purchased period;
213.2 or

213.3 (9) a period specified under section 353.0162.

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

213.6 (c) For an active member who was an active member of the former Minneapolis
213.7 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
213.8 service credited by the Minneapolis Firefighters Relief Association as reflected in the
213.9 transferred records of the association up to December 30, 2011, and the period of service
213.10 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
213.11 who was an active member of the former Minneapolis Police Relief Association on December
213.12 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
213.13 Relief Association as reflected in the transferred records of the association up to December
213.14 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
213.15 30, 2011.

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

213.17 Sec. 2. Minnesota Statutes 2016, section 353.012, is amended to read:

213.18 **353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE**
213.19 **AND SALARY CREDIT.**

213.20 A furloughed employee of the University of Minnesota who is a member of the public
213.21 employees police and fire plan may obtain allowable service and salary credit for the furlough
213.22 period. The allowable service and salary credit authorization is a leave of absence
213.23 authorization for purposes of section ~~353.0161~~ and the purchase payment procedure of
213.24 ~~section 353.0161, subdivision 2,~~ applies 353.0162.

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

213.26 Sec. 3. Minnesota Statutes 2016, section 353.32, subdivision 4, is amended to read:

213.27 Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without
213.28 having designated a beneficiary or if the beneficiary should die before making application
213.29 for refund, and if there is no surviving spouse, and if the legal representative of such member
213.30 or former member does not apply for refund within five years from the date of death of the
213.31 member or former member, the accumulated deductions to the member or former member's

214.1 credit at the time of death shall be disposed of in the manner provided in section ~~353.34,~~
 214.2 ~~subdivision 6~~ 356.631.

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

214.4 Sec. 4. Minnesota Statutes 2016, section 354A.011, subdivision 29, is amended to read:

214.5 Subd. 29. **Vesting; vested.** ~~(a)~~ "Vesting" or "vested" means having entitlement to a
 214.6 nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association
 214.7 coordinated member program ~~administered by a teachers retirement fund association by~~
 214.8 ~~having credit for sufficient allowable service under paragraph (b) or (c), whichever applies~~
 214.9 when the teacher has accrued credit for at least three years of allowable service.

214.10 ~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
 214.11 ~~of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher~~
 214.12 ~~has accrued credit for at least three years of service.~~

214.13 ~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
 214.14 ~~of the Duluth Teachers Retirement Fund Association:~~

214.15 ~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested when~~
 214.16 ~~the teacher has accrued at least three years of service; and~~

214.17 ~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested when~~
 214.18 ~~the teacher has accrued at least five years of service.~~

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

214.20 Sec. 5. Minnesota Statutes 2016, section 354A.095, is amended to read:

214.21 **354A.095 PARENTAL AND MATERNITY LEAVE.**

214.22 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
 214.23 ~~and new coordinated members of the Duluth Teachers Retirement Fund Association,~~ who
 214.24 are granted parental or maternity leave of absence by the employing authority, are entitled
 214.25 to obtain service credit not to exceed one year for the period of leave upon payment to the
 214.26 ~~applicable~~ fund by the end of the fiscal year following the fiscal year in which the leave of
 214.27 absence terminated. The amount of the payment must include the total required employee
 214.28 and employer contributions for the period of leave prescribed in section 354A.12. Payment
 214.29 must be based on the member's average monthly salary rate upon return to teaching service,
 214.30 and is payable without interest. Payment must be accompanied by a certified or otherwise

215.1 adequate copy of the resolution or action of the employing authority granting or approving
215.2 the leave.

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

215.4 Sec. 6. Minnesota Statutes 2016, section 354A.12, subdivision 3c, is amended to read:

215.5 Subd. 3c. **Termination of supplemental contributions and direct matching and state**
215.6 **aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund
215.7 Association by Independent School District No. 625 under section 423A.02, subdivision 3,
215.8 and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund
215.9 Association must continue until the actuarial value of assets of the fund equal or exceed the
215.10 actuarial accrued liability of the fund as determined in the most recent actuarial report for
215.11 the fund by the actuary retained under section 356.214 or until the established date for full
215.12 funding under section 356.215, subdivision 11, whichever occurs earlier.

215.13 ~~(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02,~~
215.14 ~~subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers~~
215.15 ~~Retirement Fund Association must continue until the current assets of the fund equal or~~
215.16 ~~exceed the actuarial accrued liability of the fund as determined in the most recent actuarial~~
215.17 ~~report for the fund by the actuary retained under section 356.214 or until the established~~
215.18 ~~date for full funding under section 356.215, subdivision 11, whichever occurs earlier.~~

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

215.20 Sec. 7. Minnesota Statutes 2016, section 354A.31, subdivision 3, is amended to read:

215.21 Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a)
215.22 Any person who retired and is receiving a coordinated program retirement annuity under
215.23 the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program
215.24 retirement annuity under the governing sections in the articles of incorporation or bylaws
215.25 and who has resumed teaching service for the school district in which the teachers retirement
215.26 fund association exists is entitled to continue to receive retirement annuity payments, except
215.27 that all or a portion of the annuity payments must be deferred during the calendar year
215.28 immediately following the calendar year in which the person's salary from the teaching
215.29 service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third
215.30 the salary amount in excess of \$46,000 and must be deducted from the annuity payable for
215.31 the calendar year immediately following the calendar year in which the excess amount was
215.32 earned.

216.1 (b) If the person is retired for only a fractional part of the calendar year during the initial
 216.2 year of retirement, the maximum reemployment salary exempt from triggering a deferral
 216.3 as specified in this subdivision must be prorated for that calendar year.

216.4 (c) After a person has reached the Social Security normal retirement age, no deferral
 216.5 requirement is applicable regardless of the amount of any compensation received for teaching
 216.6 service for the school district in which the teachers retirement fund association exists.

216.7 (d) The amount of the retirement annuity deferral must be handled or disposed of as
 216.8 provided in section 356.47.

216.9 ~~(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers~~
 216.10 ~~Retirement Fund Association member whose effective date of retirement is after June 30,~~
 216.11 ~~2013, amounts specified as deferred under this subdivision must instead be forfeited to the~~
 216.12 ~~Duluth Teachers Retirement Fund Association fund.~~

216.13 ~~(f)~~ (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul
 216.14 Teachers Retirement Fund Association basic or coordinated program member whose effective
 216.15 date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision
 216.16 must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

216.17 ~~(g)~~ (f) For the purpose of this subdivision, salary from teaching service includes: (i) all
 216.18 income for services performed as a consultant or independent contractor; or income resulting
 216.19 from working with the school district in any capacity; and (ii) the greater of either the income
 216.20 received or an amount based on the rate paid with respect to an administrative position,
 216.21 consultant, or independent contractor in the school district in which the teachers retirement
 216.22 fund association exists and at the same level as the position occupied by the person who
 216.23 resumes teaching service.

216.24 ~~(h)~~ (g) On or before February 15 of each year, each applicable employing unit shall
 216.25 report to the teachers retirement fund association the amount of postretirement salary as
 216.26 defined in this subdivision, earned as a teacher, consultant, or independent contractor during
 216.27 the previous calendar year by each retiree of the teachers retirement fund association for
 216.28 teaching service performed after retirement. The report must be in a format approved by
 216.29 the executive secretary or director.

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

216.31 Sec. 8. Minnesota Statutes 2016, section 354A.35, subdivision 2, is amended to read:

216.32 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The
 216.33 surviving spouse of a vested coordinated member who dies prior to retirement may elect to

217.1 receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100
217.2 percent joint and survivor annuity the member could have qualified for had the member
217.3 terminated service on the date of death. The surviving spouse eligible for a surviving spouse
217.4 benefit under this paragraph may apply for the annuity at any time after the date on which
217.5 the deceased employee would have attained the required age for retirement based on the
217.6 employee's allowable service. A surviving spouse eligible for surviving spouse benefits
217.7 under paragraph (b) or (c) may apply for an annuity at any time after the member's death.
217.8 The member's surviving spouse shall be paid a joint and survivor annuity under section
217.9 354A.32 and computed under section 354A.31.

217.10 (b) If the member was under age 55 and has credit for at least 30 years of allowable
217.11 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
217.12 and survivor annuity based on the age of the member and surviving spouse on the date of
217.13 death. The annuity is payable using the full early retirement reduction under section 354A.31,
217.14 subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from
217.15 age 55 to the age payment begins.

217.16 ~~(e) If a vested member of the Duluth Teachers Retirement Fund Association was under~~
217.17 ~~age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may~~
217.18 ~~elect to receive the 100 percent joint and survivor annuity based on the age of the member~~
217.19 ~~and the survivor at the time of death. The annuity is payable using the full early retirement~~
217.20 ~~reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early~~
217.21 ~~retirement reduction from age 55 to the date payment begins.~~

217.22 ~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association was
217.23 under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse
217.24 may elect to receive the 100 percent joint and survivor annuity based on the age of the
217.25 member and the survivor at the time of death. The annuity is payable using the full early
217.26 retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of
217.27 the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial
217.28 equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of
217.29 the annuity that would be payable to the member if the member deferred receipt of the
217.30 annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded
217.31 annually from the day the annuity begins to accrue until the normal retirement age.

217.32 ~~(e)~~ (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or
217.33 surviving spouse benefit payable under this section. The benefits are payable for the life of
217.34 the surviving spouse, or upon expiration of the term certain benefit payment under subdivision
217.35 2b.

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

218.2 Sec. 9. Minnesota Statutes 2016, section 356.47, subdivision 1, is amended to read:

218.3 Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement
218.4 annuities on the amount of retirement annuity reductions after reemployed annuitant earnings
218.5 limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or
218.6 354.44, subdivision 5.

218.7 ~~(b) This section also applies to the balance of annual retirement annuities on the amount~~
218.8 ~~of retirement annuity reductions under section 354A.31, subdivision 3, for members of the~~
218.9 ~~Duluth Teachers Retirement Fund Association whose effective date of retirement is before~~
218.10 ~~July 1, 2013.~~

218.11 ~~(e)~~ (b) This section also applies to the balance of annual retirement annuities on the
218.12 amount of retirement annuity reductions under section 354A.31, subdivision 3, for members
218.13 of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is
218.14 before July 1, 2013.

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

218.16 Sec. 10. Minnesota Statutes 2016, section 423A.02, subdivision 5, is amended to read:

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

218.23 Sec. 11. **REPEALER.**

218.24 Minnesota Statutes 2016, section 354A.12, subdivision 2c, is repealed.

218.25 **ARTICLE 21**

218.26 **APPROPRIATIONS**

218.27 Section 1. **APPROPRIATIONS; GENERAL FUND PENSION CONTRIBUTION**
218.28 **INCREASES.**

218.29 (a) \$5,698,000 in fiscal year 2018 and \$11,115,000 in fiscal year 2019 are appropriated
218.30 from the general fund to the entities specified in paragraph (b) to offset employer pension

219.1 contribution increases to executive branch state agencies, boards, commissions, constitutional
219.2 offices, and the legislature required under this act. These appropriations are for increases
219.3 in employer contributions to the Minnesota State Retirement System general employees,
219.4 correctional employees, and state patrol retirement plans. The base for fiscal year 2020 and
219.5 later is \$11,115,000.

219.6 (b) The commissioner of management and budget must determine an allocation of the
219.7 amount appropriated in paragraph (a) for each executive branch state agency, board,
219.8 commission, constitutional office, and the legislature for each fiscal year. Each allocation
219.9 is directly appropriated to each of these entities as specified by the commissioner. The
219.10 amounts appropriated in fiscal year 2019 are added to agency budget bases for fiscal year
219.11 2020 and later. The commissioner of management and budget must report the amounts
219.12 appropriated under this section to the chairs and ranking minority members of the house of
219.13 representatives Ways and Means Committee and the senate Finance Committee by August
219.14 15, 2017.

219.15 **Sec. 2. APPROPRIATIONS; NONGENERAL FUND PENSION CONTRIBUTION**
219.16 **INCREASES.**

219.17 (a) The amounts necessary to pay increased nongeneral fund employer contribution
219.18 increases in this act in fiscal years 2018 and 2019 are appropriated from any nongeneral
219.19 fund that is specified by the commissioner of management and budget under paragraph (b).
219.20 These appropriations shall offset employer pension contribution increases to executive
219.21 branch state agencies, boards, and commissions required under this act. These appropriations
219.22 are for increases in employer contributions to the Minnesota State Retirement System general
219.23 employees, correctional employees, and state patrol retirement plans.

219.24 (b) The commissioner of management and budget must determine the appropriate fund
219.25 and amount required under paragraph (a) for each executive branch state agency, board,
219.26 and commission, for each fiscal year. The amounts appropriated in fiscal year 2019 are
219.27 added to agency budget bases for fiscal year 2020 and later. The commissioner of
219.28 management and budget must report the amounts appropriated under this section to the
219.29 chairs and ranking minority members of the house of representatives Ways and Means
219.30 Committee and the senate Finance Committee by August 15, 2017.

219.31 **Sec. 3. APPROPRIATIONS; ST. PAUL TEACHERS RETIREMENT FUND.**

219.32 \$1,950,000 in fiscal year 2018 and \$3,250,000 in fiscal year 2019 are appropriated from
219.33 the general fund to the commissioner of management and budget for payment to the St.

220.1 Paul Teachers Retirement Fund Association for increased pension contributions. The base
 220.2 in fiscal year 2020 is \$5,200,000 and the base for fiscal year 2021 and later is \$6,500,000.

220.3 **Sec. 4. APPROPRIATIONS; JUDICIAL BRANCH.**

220.4 (a) \$73,000 in fiscal year 2018 and \$146,000 in fiscal year 2019 are appropriated from
 220.5 the general fund to the Supreme Court for increased employer pension contributions to the
 220.6 Minnesota State Retirement System general employees plan. The amount appropriated in
 220.7 fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

220.8 (b) \$15,000 in fiscal year 2018 and \$30,000 in fiscal year 2019 are appropriated from
 220.9 the general fund to the Court of Appeals for increased employer pension contributions to
 220.10 the Minnesota State Retirement System general employees plan. The amount appropriated
 220.11 in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

220.12 (c) \$344,000 in fiscal year 2018 and \$687,000 in fiscal year 2019 are appropriated from
 220.13 the general fund to the district courts for increased employer pension contributions to the
 220.14 Minnesota State Retirement System general employees plan. The amount appropriated in
 220.15 fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

220.16 (d) \$139,000 in fiscal year 2018 and \$279,000 in fiscal year 2019 are appropriated from
 220.17 the general fund to the Board of Public Defense for increased employer pension contributions
 220.18 to the Minnesota State Retirement System general employees plan. The amount appropriated
 220.19 in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

220.20 (e) \$31,000 in fiscal year 2018 and \$62,000 in fiscal year 2019 are appropriated from
 220.21 the general fund to the Guardian ad Litem Board for increased employer pension
 220.22 contributions to the Minnesota State Retirement System general employees plan. The amount
 220.23 appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020
 220.24 and later.

220.25 (f) \$1,000 in fiscal year 2019 is appropriated from the general fund to the Board of
 220.26 Judicial Standards for increased employer pension contributions to the Minnesota State
 220.27 Retirement System general employees plan. The amount appropriated in fiscal year 2019
 220.28 is added to the agency budget base for fiscal years 2020 and later.

220.29 **ARTICLE 22**

220.30 **UNIFORM LABOR STANDARDS**

220.31 **Section 1. [181.741] EXPRESS PREEMPTION; UNIFORMITY OF PRIVATE**
 220.32 **EMPLOYER MANDATES.**

221.1 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this
221.2 subdivision have the meanings given them.

221.3 (b) "Employer" means a private person employing one or more employees in the state.

221.4 (c) "Local government" means a home rule charter city, statutory city, town, county, the
221.5 Metropolitan Council, a metropolitan agency as defined in section 473.121, subdivision 5a,
221.6 or a special district.

221.7 Subd. 2. **Express preemption.** (a) A local government must not adopt, enforce, or
221.8 administer an ordinance, local resolution, or local policy requiring an employer to pay an
221.9 employee a wage higher than the applicable state minimum wage rate provided in section
221.10 177.24.

221.11 (b) A local government must not adopt, enforce, or administer an ordinance, local
221.12 resolution, or local policy requiring an employer to provide either paid or unpaid leave time.

221.13 (c) A local government must not adopt, enforce, or administer an ordinance, local
221.14 resolution, or local policy regulating the hours or scheduling of work time that an employer
221.15 provides to an employee. This paragraph does not preempt an ordinance, local resolution,
221.16 or local policy limiting the hours a business may operate.

221.17 (d) A local government must not adopt, enforce, or administer an ordinance, local
221.18 resolution, or local policy requiring an employer to provide an employee particular benefits
221.19 or terms of employment.

221.20 Subd. 3. **Local governments as employers and contractors.** This section does not
221.21 regulate wages, hours, benefits, paid or unpaid leave, attendance policies, or other terms of
221.22 employment that a local government:

221.23 (1) provides to its own employee;

221.24 (2) requires an employer to provide to its employee, to the extent that employer is
221.25 providing goods or services, including construction, to the local government, and the
221.26 requirement applies specifically to work performed in providing goods or services to the
221.27 local government; or

221.28 (3) requires an employer to provide to its employee, to the extent that employer is
221.29 receiving funding from the local government or is providing goods or services, including
221.30 construction, funded in whole or in part by the local government, when the requirement is
221.31 an express condition of the funding.

222.1 **EFFECTIVE DATE.** This section is effective upon final enactment and applies to
222.2 ordinances, local policies, and local resolutions enacted on or after January 1, 2016.

222.3 **ARTICLE 23**

222.4 **RATIFICATIONS**

222.5 Section 1. **LABOR AGREEMENT RATIFIED; MINNESOTA GOVERNMENT**
222.6 **ENGINEERING COUNCIL.**

222.7 The arbitration award and labor agreement between the state of Minnesota and the
222.8 Minnesota Government Engineering Council, submitted to the Legislative Coordinating
222.9 Commission Subcommittee on Employee Relations on July 28, 2016, and implemented as
222.10 provided in Minnesota Statutes, section 3.855, subdivision 2, are ratified.

222.11 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2017.

222.12 Sec. 2. **RATIFICATIONS CONTINGENT ON ENACTMENT.**

222.13 The legislative ratifications and approvals of memorandums of understanding in section
222.14 3, subdivisions 1 to 11, and amendments to compensation plans in section 4, subdivisions
222.15 1 to 7, are conditional on this bill being enacted into law. If this bill is not enacted into law,
222.16 the memorandums of understanding in section 3, subdivisions 1 to 11, and amendments to
222.17 compensation plans in section 4, subdivisions 1 to 7, are neither approved nor ratified.

222.18 Sec. 3. **MEMORANDUMS OF UNDERSTANDING TO COLLECTIVE**
222.19 **BARGAINING AGREEMENTS.**

222.20 Subdivision 1. **American Federation of State, County, and Municipal Employees,**
222.21 **Council 5.** The memorandum of understanding that provides paid parental leave, entered
222.22 into between the state of Minnesota and the American Federation of State, County, and
222.23 Municipal Employees, Council 5, submitted to the Legislative Coordinating Commission
222.24 Subcommittee on Employee Relations on October 14, 2016, and that was implemented as
222.25 provided in Minnesota Statutes, section 3.855, subdivision 2, is ratified.

222.26 Subd. 2. **American Federation of State, County, and Municipal Employees, Unit**
222.27 **225.** The memorandum of understanding that provides paid parental leave, entered into
222.28 between the state of Minnesota and the American Federation of State, County, and Municipal
222.29 Employees, Unit 225, Radio Communications Operators, submitted to the Legislative
222.30 Coordinating Commission Subcommittee on Employee Relations on October 14, 2016, and

223.1 that was implemented as provided in Minnesota Statutes, section 3.855, subdivision 2, is
223.2 ratified.

223.3 Subd. 3. **American Federation of State, County, and Municipal Employees, Unit 8.**
223.4 The memorandum of understanding that provides paid parental leave, entered into between
223.5 the state of Minnesota and the American Federation of State, County, and Municipal
223.6 Employees, Unit 8, Corrections Officers, submitted to the Legislative Coordinating
223.7 Commission Subcommittee on Employee Relations on October 14, 2016, and that was
223.8 implemented as provided in Minnesota Statutes, section 3.855, subdivision 2, is ratified.

223.9 Subd. 4. **Minnesota Association of Professional Employees.** The memorandum of
223.10 understanding that provides paid parental leave, entered into between the state of Minnesota
223.11 and the Minnesota Association of Professional Employees, submitted to the Legislative
223.12 Coordinating Commission Subcommittee on Employee Relations on October 14, 2016, and
223.13 that was implemented as provided in Minnesota Statutes, section 3.855, subdivision 2, is
223.14 ratified.

223.15 Subd. 5. **Middle Management Association.** The memorandum of understanding that
223.16 provides paid parental leave, entered into between the state of Minnesota and the Middle
223.17 Management Association, submitted to the Legislative Coordinating Commission
223.18 Subcommittee on Employee Relations on October 14, 2016, and that was implemented as
223.19 provided in Minnesota Statutes, section 3.855, subdivision 2, is ratified.

223.20 Subd. 6. **Minnesota Nurses Association.** The memorandum of understanding that
223.21 provides paid parental leave, entered into between the state of Minnesota and the Minnesota
223.22 Nurses Association, submitted to the Legislative Coordinating Commission Subcommittee
223.23 on Employee Relations on October 14, 2016, and that was implemented as provided in
223.24 Minnesota Statutes, section 3.855, subdivision 2, is ratified.

223.25 Subd. 7. **State Residential Schools Education Association.** The memorandum of
223.26 understanding that provides paid parental leave, entered into between the state of Minnesota
223.27 and the State Residential Schools Education Association, submitted to the Legislative
223.28 Coordinating Commission Subcommittee on Employee Relations on October 14, 2016, and
223.29 that was implemented as provided in Minnesota Statutes, section 3.855, subdivision 2, is
223.30 ratified.

223.31 Subd. 8. **Minnesota Law Enforcement Association.** The memorandum of understanding
223.32 that provides paid parental leave, entered into between the state of Minnesota and the
223.33 Minnesota Law Enforcement Association, submitted to the Legislative Coordinating

224.1 Commission Subcommittee on Employee Relations on October 14, 2016, and that was
224.2 implemented as provided in Minnesota Statutes, section 3.855, subdivision 2, is ratified.

224.3 Subd. 9. **Minnesota Government Engineering Council.** The memorandum of
224.4 understanding that provides paid parental leave, entered into between the state of Minnesota
224.5 and the Minnesota Government Engineering Council, submitted to the Legislative
224.6 Coordinating Commission Subcommittee on Employee Relations on October 14, 2016, and
224.7 that was implemented as provided in Minnesota Statutes, section 3.855, subdivision 2, is
224.8 ratified.

224.9 Subd. 10. **Minnesota State University Administrative and Service Faculty.** The
224.10 memorandum of understanding that provides paid parental leave, entered into between the
224.11 state of Minnesota and the Minnesota State University Administrative and Service Faculty,
224.12 submitted to the Legislative Coordinating Commission Subcommittee on Employee Relations
224.13 on October 28, 2016, and that was implemented as provided in Minnesota Statutes, section
224.14 3.855, subdivision 2, is ratified.

224.15 Subd. 11. **Minnesota State College Faculty.** The memorandum of understanding that
224.16 provides paid parental leave, entered into between the state of Minnesota and the Minnesota
224.17 State College Faculty, submitted to the Legislative Coordinating Commission Subcommittee
224.18 on Employee Relations on October 28, 2016, and that was implemented as provided in
224.19 Minnesota Statutes, section 3.855, subdivision 2, is ratified.

224.20 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2017.

224.21 Sec. 4. **AMENDMENTS TO COMPENSATION PLANS.**

224.22 Subdivision 1. **Commissioners' Plan amendment.** The amendment to the
224.23 Commissioners' Plan that provides paid parental leave, as proposed by the state of Minnesota
224.24 and submitted to the Legislative Coordinating Commission Subcommittee on Employee
224.25 Relations on October 14, 2016, is ratified.

224.26 Subd. 2. **Managerial Plan amendment.** The amendment to the Managerial Plan that
224.27 provides paid parental leave, as proposed by the state of Minnesota and submitted to the
224.28 Legislative Coordinating Commission Subcommittee on Employee Relations on October
224.29 14, 2016, is ratified.

224.30 Subd. 3. **Medical Specialists' Addendum to the Commissioners' Plan amendment.**
224.31 The amendment to the Medical Specialists' Addendum to the Commissioners' Plan that
224.32 provides paid parental leave, as proposed by the state of Minnesota and submitted to the

225.1 Legislative Coordinating Commission Subcommittee on Employee Relations on October
 225.2 14, 2016, is ratified.

225.3 Subd. 4. **Office of Higher Education Unclassified Personnel Compensation Plan**
 225.4 **amendment.** The amendment to the Office of Higher Education Unclassified Personnel
 225.5 Compensation Plan that provides paid parental leave, as proposed by the state of Minnesota
 225.6 and submitted to the Legislative Coordinating Commission Subcommittee on Employee
 225.7 Relations on October 14, 2016, is ratified.

225.8 Subd. 5. **State Board of Investment Salary Administration Plan amendment.** The
 225.9 amendment to the State Board of Investment Salary Administration Plan that provides paid
 225.10 parental leave, as proposed by the state of Minnesota and submitted to the Legislative
 225.11 Coordinating Commission Subcommittee on Employee Relations on October 14, 2016, is
 225.12 ratified.

225.13 Subd. 6. **MNsure Compensation Plan amendment.** The amendment to the MNsure
 225.14 Compensation Plan that provides paid parental leave, as proposed by the state of Minnesota
 225.15 and submitted to the Legislative Coordinating Commission Subcommittee on Employee
 225.16 Relations on October 14, 2016, is ratified.

225.17 Subd. 7. **Minnesota State Personnel Plan for Administrators amendment.** The
 225.18 amendment to the Minnesota State Personnel Plan for Administrators that provides paid
 225.19 parental leave, as proposed by the state of Minnesota and submitted to the Legislative
 225.20 Coordinating Commission Subcommittee on Employee Relations on October 31, 2016, is
 225.21 ratified.

225.22 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2017.

225.23 **ARTICLE 24**

225.24 **WAGE THEFT PREVENTION**

225.25 Section 1. Minnesota Statutes 2016, section 181.03, subdivision 1, is amended to read:

225.26 Subdivision 1. **Prohibited practices.** ~~An employer may not, directly or indirectly and~~
 225.27 ~~with intent to defraud:~~

225.28 (a) No employer shall intentionally commit wage theft.

225.29 (b) For purposes of this section, wage theft is committed if an employer, with intent to
 225.30 defraud:

225.31 (1) fails to pay an employee all wages to which that employee is entitled;

226.1 ~~(1) cause~~ (2) directly or indirectly causes any employee to give a receipt for wages for
 226.2 a greater amount than that actually paid to the employee for services rendered;

226.3 ~~(2) (3) directly or indirectly demand demands~~ or ~~receive receives~~ from any employee
 226.4 any rebate or refund from the wages owed the employee under contract of employment with
 226.5 the employer; or

226.6 ~~(3) in any manner make~~ (4) makes or ~~attempt attempts~~ to make it appear in any manner
 226.7 that the wages paid to any employee were greater than the amount actually paid to the
 226.8 employee; or

226.9 (5) retaliates against an employee for asserting rights or remedies under this section,
 226.10 including but not limited to filing a complaint with the Department of Labor and Industry
 226.11 or telling the employer of intention to file a complaint.

226.12 Sec. 2. **[181.033] WAGE CLAIM CITATIONS.**

226.13 Subdivision 1. Citations. (a) Upon presentation of clear and convincing evidence
 226.14 establishing the occurrence of wage theft and following a reasonable opportunity for the
 226.15 employer to respond, the commissioner may issue a citation for failure to pay wages up to
 226.16 \$1,000 by serving the citation on the employer. The citation shall direct the employer to
 226.17 pay to the commissioner any back pay and gratuities owed to the employee within 15
 226.18 business days from issuance of the citation. The citation may require the employer to correct
 226.19 the violation, may require the employer to cease and desist from committing the violation,
 226.20 and may assess a monetary penalty up to \$1,000 in the aggregate. In determining the amount
 226.21 of the monetary penalty, the commissioner shall consider the factors described in section
 226.22 14.045, subdivision 3. If the citation includes a penalty assessment, then the penalty is due
 226.23 and payable on the date the citation becomes final.

226.24 (b) The commissioner shall vacate the citation if within five business days after the
 226.25 commissioner issues the citation, the employer provides to the commissioner evidence
 226.26 acceptable to the commissioner that the employer has paid the wages specified in the citation.

226.27 Subd. 2. Administrative review. (a) Within 15 business days after the commissioner
 226.28 issues a citation under subdivision 1, the employer to whom the citation is issued may
 226.29 request an expedited hearing before an administrative law judge to review the citation. The
 226.30 request for hearing must be in writing and must be served on the commissioner at the address
 226.31 specified in the citation. If the employer does not request a hearing or if the employer's
 226.32 written request for hearing is not served on the commissioner by the 15th business day after

227.1 the commissioner issues the citation, the citation becomes a final order of the commissioner.

227.2 The hearing request must state the reasons for seeking review of the citation.

227.3 (b) The employer to whom the citation is issued and the commissioner are the parties

227.4 to the expedited hearing. The commissioner must notify the employer to whom the citation

227.5 is issued of the time and place of the hearing at least 15 business days before the hearing.

227.6 (c) The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612,

227.7 as modified by this section. If a hearing has been held, the commissioner shall not issue a

227.8 final order until at least five days after the date of the administrative law judge's report. Any

227.9 person aggrieved by the administrative law judge's report may, within those five days, serve

227.10 written comments to the commissioner on the report and the commissioner shall consider

227.11 and enter the comments in the record. The commissioner's final order shall comply with

227.12 sections 14.61, subdivision 2, and 14.62, subdivisions 1 and 2a, and may be appealed in the

227.13 manner provided in sections 14.63 to 14.69.

227.14 Subd. 3. **Effect on other laws.** Nothing in this section shall be construed to limit the

227.15 application of other state or federal laws.

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3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.

Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been a member of a retirement plan listed in paragraph (b) is entitled, when otherwise qualified, to a retirement allowance or annuity from each plan if the total allowable service in all plans or in any two of these plans totals ten or more years.

(b) This section applies to any retirement plan or program administered by the Minnesota State Retirement System, or any retirement plan administered by the Public Employees Retirement Association, including the Public Employees Retirement Association police and fire fund, or the Teachers Retirement Association, or the Minneapolis employees retirement plan, or the State Patrol retirement plan, or any other public employee retirement system in the state of Minnesota having a like provision.

(c) This section does not apply to other retirement plans providing benefits for police or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one plan is based is again used in the computation for benefits from another plan. The annuity from each plan must be determined by the appropriate provisions of the law, except that the requirement that a person must have a minimum number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these plans equals ten or more years. The augmentation of deferred annuities provided in section 3A.02, subdivision 4, applies to the annuities accruing under this section.

Subd. 2. **Refund repayment.** A former legislator who has received a refund as provided in section 3A.03, subdivision 2, who is a currently contributing member of a retirement plan specified in subdivision 1, paragraph (b), may repay the refund as provided in section 3A.03, subdivision 2. A member of the legislature who has received a refund from any of the retirement plans specified in subdivision 1 may repay the refund to the respective plan under such terms and conditions consistent with the law governing the retirement plan if the law governing the plan permits the repayment of refunds. If the total amount to be repaid, including principal and interest exceeds \$2,000, repayment maybe made in three equal installments over a period of 18 months, with the interest accrued during the period of the repayment added to the final installment.

352.04 STATE EMPLOYEES RETIREMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 11. **Gifts and bequests.** The director may credit to the retirement fund any money received in the form of donations, gifts, appropriations, bequests, or otherwise, or derived from it.

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 established under this chapter, the correctional state employees retirement plan established under this chapter, and the state patrol retirement plan established under chapter 352B.

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for 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 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 if the regular actuarial valuation of the plan prepared under section 356.215 indicates that there is a contribution

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sufficiency greater than one percent of covered payroll or that there is a contribution deficiency under subdivision 2 equal to or greater than one-half of one percent of covered payroll.

(b) If the actuarially 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 may be decreased incrementally over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease 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 equally to eliminate that contribution deficiency.

(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 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 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.

(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 determined contributions that are more than the total combined employee and employer contributions.

(g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be 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 determined contribution and must report to the Legislative Commission on Pensions and Retirement any 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.

(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 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 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.

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(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.

352.72 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM.

Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee covered by a retirement system listed in paragraph (b) is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals three or more years if employed before July 1, 2010, or totals five or more years if employed after June 30, 2010.

(b) This section applies to the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund, the Teachers Retirement Association, the State Patrol Retirement Association, or any other public employee retirement system in the state with a similar provision, except as noted in paragraph (c).

(c) This section does not apply to other funds providing benefits for police officers or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one fund is based shall be again used in the computation for benefits from another fund. No refund may have been taken from any one of these funds since service entitling the employee to coverage under the system or the employee's membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals at least the longest period of allowable service of any of the applicable retirement plans.

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55 or until January 1, 2012, whichever is earlier, and from the January 1 next following the attainment of age 55 to the effective date of retirement or until January 1, 2012, whichever is earlier, five percent compounded annually if the employee became an employee before July 1, 2006, 2.5 percent compounded annually until January 1, 2012, if the employee becomes an employee after June 30, 2006, and two percent compounded annually after December 31, 2011, irrespective of when the employee became a state employee. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

Subd. 4. **Refund repayment.** Any person who has received a refund from the state employees retirement fund, and who is a member of a public retirement system included in subdivision 1, may repay the refund with interest to the state employees retirement fund. If a

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refund is repaid to the fund and more than one refund has been received from the fund, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

Subd. 5. **Early retirement.** The requirements and provisions for retirement before normal retirement age in sections 352.115, subdivision 1, and 352.116 also apply to an employee fulfilling the requirements with a combination of service as provided in subdivision 1.

352B.30 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.

Subdivision 1. **Entitlement to annuity.** Any person who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund, or any other public employee retirement system in Minnesota having a like provision but excluding all other funds providing benefits for police or firefighters is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person. No part of the allowable service upon which the retirement annuity from one fund is based may again be used in the computation for benefits from another fund. The member must not have taken a refund from any one of these funds since service entitling the member to coverage under the system or membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate law except that the requirement that a person must have at least a specific number of years allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person.

Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter. The required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent per year compounded annually until January 1, 1981, three percent per year compounded annually after January 1, 1981, until January 1, 2012, if the employee became an employee before July 1, 2006, 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006, and two percent per year compounded annually after December 31, 2011, irrespective of when the employee was first employed. The mortality table and interest assumption used to compute the annuity must be those in effect when the member files application for annuity.

Subd. 3. **Refund repayment.** A person who has received a refund from the State Patrol retirement fund who is a member of a public retirement system included in subdivision 1, may repay the refund with interest to the State Patrol retirement fund as provided in section 352B.11, subdivision 4.

Subd. 4. **1997 postretirement fund interest changes.** The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

353.0161 AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (5), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in subdivision 1 may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The

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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 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.

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.

353.27 GENERAL EMPLOYEES RETIREMENT FUND.

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 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 or that there is a contribution deficiency under paragraph (a) equal to or greater than one-half of one percent of covered payroll.

(c) If the actuarially 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 may be decreased over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. 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 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 to eliminate that contribution deficiency.

(e) 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

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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 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' 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 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 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 determined contribution and must report to the Legislative Commission on Pensions and Retirement any 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 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.

353.34 RIGHTS UPON TERMINATION OF MEMBERSHIP.

Subd. 6. **Additions to fund.** The board of trustees may credit to the general employees retirement fund any money received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise.

353.71 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM; DEFERRED ANNUITY; AUGMENTATION.

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a retirement plan providing benefits for police officers or firefighters governed by sections 424A.091 to 424A.096, or by Laws 2013, chapter 111, article 5, sections 31 to 42, is entitled, when qualified, to an annuity from each retirement plan if the total allowable service in all retirement plans or in any two of these retirement plans totals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one retirement plan is based is again used in the computation for benefits from another retirement plan and provided further that the person has not taken a refund from any one of these retirement plans since the person's membership in that association or system last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific minimum period of allowable service in the respective association or system does not apply for the purposes of this section if the combined service in

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two or more of these retirement plans equals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

354.42 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency exists if 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.

(b) For purposes of this section, a contribution deficiency exists if the total of the employee contributions, the 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. 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 if 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 or if the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than one-half of one percent of covered payroll. 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.

Subd. 4c. **Contribution sufficiency measures.** (a) 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 being collected.

(b) 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 retirement plan, 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.

(c) A contribution sufficiency in excess of one percent of covered pay must not be used to increase benefits, and a benefit increase must not be proposed that would initiate an automatic adjustment under this section to increase contributions. A 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 the manner in which the benefit modification is to be funded.

Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease made under subdivision 4b 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

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the determination that a contribution deficiency or sufficiency exists based on the most recent actuarial valuation under section 356.215.

354.60 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

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

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 2c. **Duluth Teachers Retirement Fund Association; employer contributions for reemployed annuitants.** The school district shall make the regular employer contributions and additional employer contributions specified in subdivision 2a on behalf of any retired member of the Duluth Teachers Retirement Fund Association who is reemployed by Independent School District No. 709, including providing service to the school district as an independent contractor or as an employee of an independent contractor.

354A.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION POSTRETIREMENT ADJUSTMENT.

Subd. 8. **Calculation of postretirement adjustments; 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 after January 1 of the calendar year immediately before the postretirement increase is applied, the amount determined under paragraph (a) must be 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, 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.

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

(b) A percentage adjustment must be paid under this subdivision to eligible persons under subdivision 7.

(c) The amount 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

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after January 1 of the calendar year immediately before the postretirement adjustment is applied, the postretirement adjustment amount must be reduced by 50 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.

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

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

356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.

Subd. 3. **Maximum benefit limitations.** An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The annual additions on behalf of a member to a defined contribution plan for any limitation year shall not exceed the applicable limitation on annual additions under section 415(c) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code.

Subd. 4. **Compensation.** For purposes of this section, compensation means a member's compensation actually paid or made available for any limitation year including all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b) and excluding all items of remuneration described in federal treasury regulation section 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in subdivision 2.

Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section is the calendar year or fiscal year, whichever is applicable.

356.96 PENSION PLAN APPEAL PROCEDURES.

Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and requirements under this section, a person who believes that the person's rights have been affected by a decision made by the administration of a covered pension plan may request a review under this section by the appropriate governing board. The petition under this subdivision must be made within 45 days of the time that the person knew or should have known of the disputed decision.

Subd. 15. **Governing board review panel.** Any covered pension plan subject to this section, by motion duly made and adopted, may appoint a panel of governing board members to hear and determine any or all petitions brought under this section. The governing board review panel must

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contain a minimum number of board members that would otherwise constitute a quorum of board members under the governing body's rules and procedures.

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws of the defined benefit relief associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one defined benefit volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total amount of service credit of ten years or more, if the bylaws of every affected relief association do not specify only a five-year service vesting requirement, or five years or more, if the bylaws of every affected relief association require only a five-year service vesting requirement, as a member of two or more relief associations otherwise qualified. The member must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent relief association secretary.