

1.1 A bill for an act

1.2 relating to retirement; regulating volunteer firefighters' relief associations;  
1.3 reorganizing the defined contribution relief association provisions; recodifying  
1.4 the general volunteer firefighters' relief association law; making conforming  
1.5 changes; amending Minnesota Statutes 2008, sections 69.031, subdivision 5;  
1.6 69.771, subdivision 3; 69.772, subdivisions 4, 6; 69.773, subdivision 6; 356.219,  
1.7 subdivision 3; 424A.001, subdivisions 1, 1a, 2, 3, 4, 5, 6, 8, 9, 10, by adding  
1.8 subdivisions; 424A.01; 424A.02, subdivisions 1, 2, 3, 3a, 6, 7, 8, 9, 9a, 9b, 10,  
1.9 12, 13; 424A.021; 424A.03; 424A.04; 424A.05, subdivisions 1, 2, 3, 4; 424A.06;  
1.10 424A.07; 424A.08; 424A.10, subdivisions 1, 2, 3, 4, 5; 424B.10, subdivision 2,  
1.11 by adding subdivisions; 424B.21; proposing coding for new law in Minnesota  
1.12 Statutes, chapters 420; 424A; 424B; repealing Minnesota Statutes 2008, sections  
1.13 424A.001, subdivision 7; 424A.02, subdivisions 4, 6, 8a, 8b, 9b; 424A.09;  
1.14 424B.10, subdivision 1.

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

1.16 **ARTICLE 1**

1.17 **REORGANIZATION AND RECODIFICATION OF**  
1.18 **VOLUNTEER FIREFIGHTER RETIREMENT PROVISIONS**

1.19 Section 1. **[420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**  
1.20 **FIREFIGHTERS.**

1.21 It is unlawful for any municipality or independent nonprofit firefighting corporation  
1.22 to employ a minor to serve as a volunteer firefighter or to permit a minor to serve in any  
1.23 capacity performing any firefighting duties with a volunteer fire department.

1.24 Sec. 2. Minnesota Statutes 2008, section 424A.001, subdivision 1, is amended to read:

1.25 Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as  
1.26 used in this chapter, the terms defined in this section have the meanings given.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

2.1 Sec. 3. Minnesota Statutes 2008, section 424A.001, subdivision 1a, is amended to read:

2.2 Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the  
2.3 special fund of the relief association other than a service pension that is permitted by law  
2.4 and that is provided for in the relief association bylaws.

2.5 Sec. 4. Minnesota Statutes 2008, section 424A.001, is amended by adding a  
2.6 subdivision to read:

2.7 Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association"  
2.8 means a volunteer firefighters' relief association that provides a lump-sum service pension,  
2.9 provides a monthly benefit service pension, or provides a lump-sum service pension as an  
2.10 alternative to the monthly benefit service pension.

2.11 Sec. 5. Minnesota Statutes 2008, section 424A.001, is amended by adding a  
2.12 subdivision to read:

2.13 Subd. 1c. **Defined contribution relief association.** "Defined contribution relief  
2.14 association" means a volunteer firefighters' relief association that provides a service  
2.15 pension based solely on an individual account balance rather than a specified annual  
2.16 lump-sum or monthly benefit service pension amount.

2.17 Sec. 6. Minnesota Statutes 2008, section 424A.001, subdivision 2, is amended to read:

2.18 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department  
2.19 ~~and~~ or an independent nonprofit firefighting corporation.

2.20 Sec. 7. Minnesota Statutes 2008, section 424A.001, subdivision 3, is amended to read:

2.21 Subd. 3. **Municipality.** "Municipality" means a municipality which has  
2.22 established a fire department with which the relief association is directly associated, or  
2.23 the municipalities which have entered into a contract with the independent nonprofit  
2.24 firefighting corporation of which the relief association is a subsidiary.

2.25 Sec. 8. Minnesota Statutes 2008, section 424A.001, subdivision 4, is amended to read:

2.26 Subd. 4. **Relief association.** "Relief association" means ~~(a)~~ (1) a volunteer  
2.27 firefighters' relief association or a volunteer firefighters' division or account of a partially  
2.28 salaried and partially volunteer firefighters' relief association that is organized and  
2.29 incorporated under chapter 317A and any laws of the state, is governed by this chapter  
2.30 and chapter 69, and is directly associated with a fire department established by municipal  
2.31 ordinance; or ~~(b)~~ (2) any ~~separate~~ separately incorporated volunteer firefighters' relief

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

3.1 association that is subsidiary to and ~~providing~~ that provides service pension and retirement  
3.2 benefit coverage for members of an independent nonprofit firefighting corporation that is  
3.3 organized under the provisions of chapter 317A, is governed by this chapter, and ~~operating~~  
3.4 operates exclusively for firefighting purposes. A relief association is a governmental entity  
3.5 that receives and manages public money to provide retirement benefits for individuals  
3.6 providing the governmental services of firefighting and emergency first response.

3.7 Sec. 9. Minnesota Statutes 2008, section 424A.001, subdivision 5, is amended to read:

3.8 Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer  
3.9 firefighters' relief association or the account for volunteer firefighters within the special  
3.10 fund of a partially salaried and partially volunteer firefighters' relief association.

3.11 Sec. 10. Minnesota Statutes 2008, section 424A.001, subdivision 6, is amended to read:

3.12 Subd. 6. **Surviving spouse.** For purposes of this chapter, and the ~~governing~~  
3.13 ~~of any~~ governing a relief association to which this chapter applies, ~~the term~~ "surviving  
3.14 spouse" means the spouse of a deceased member who was legally married to the member  
3.15 at the time of the member's death.

3.16 Sec. 11. Minnesota Statutes 2008, section 424A.001, subdivision 8, is amended to read:

3.17 Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality  
3.18 approves for a fire department that is a municipal department, or if the applicable  
3.19 contracting municipality or municipalities approve for a fire department that is an  
3.20 independent nonprofit firefighting corporation, includes fire department service rendered  
3.21 by fire prevention personnel.

3.22 Sec. 12. Minnesota Statutes 2008, section 424A.001, subdivision 9, is amended to read:

3.23 Subd. 9. **Separate from active service.** "Separate from active service" means  
3.24 ~~to~~ that a firefighter permanently ~~cease~~ ceases to perform fire suppression duties with  
3.25 a particular volunteer fire department, ~~to~~ permanently ~~cease~~ ceases to perform fire  
3.26 prevention duties, ~~to~~ permanently ~~cease~~ ceases to supervise fire suppression duties, and ~~to~~  
3.27 permanently ~~cease~~ ceases to supervise fire prevention duties.

3.28 Sec. 13. Minnesota Statutes 2008, section 424A.001, subdivision 10, is amended to  
3.29 read:

3.30 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

4.1 (1) was a member of the applicable fire department or the independent nonprofit  
4.2 firefighting corporation and a member of the relief association on July 1, 2006; or

4.3 (2) became a member of the applicable fire department or the independent nonprofit  
4.4 firefighting corporation and is eligible for membership in the applicable relief association  
4.5 after June 30, 2006, and

4.6 (i) is engaged in providing emergency response services or delivering fire education  
4.7 or prevention services as a member of a municipal fire department, a joint powers entity  
4.8 fire department, or an independent nonprofit firefighting corporation;

4.9 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire  
4.10 prevention duties under subdivision 8; and

4.11 (iii) meets any other minimum firefighter and service standards established by the  
4.12 fire department or the independent nonprofit firefighting corporation or specified in the  
4.13 articles of incorporation or bylaws of the relief association.

4.14 Sec. 14. **[424A.002] AUTHORIZATION OF NEW OR CONTINUING**  
4.15 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.**

4.16 Subdivision 1. Authorization. A municipal fire department or an independent  
4.17 nonprofit firefighting corporation, with approval by the applicable municipality or  
4.18 municipalities, may establish a new volunteer firefighters' relief association or may retain  
4.19 an existing volunteer firefighters' relief association.

4.20 Subd. 2. Defined benefit or defined contribution relief association. The articles  
4.21 of incorporation or the bylaws of the volunteer firefighters' relief association must specify  
4.22 that the relief association is either a defined benefit relief association subject to sections  
4.23 69.771 to 69.774, 424A.015, and 424A.02 or is a defined contribution relief association  
4.24 subject to sections 424A.015 and 424A.016.

4.25 Sec. 15. Minnesota Statutes 2008, section 424A.01, is amended to read:

4.26 **424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF**  
4.27 **ASSOCIATION.**

4.28 Subdivision 1. **Minors.** ~~It is unlawful for any~~ No volunteer firefighters' relief  
4.29 association associated with a municipality or an independent nonprofit firefighting  
4.30 corporation to employ may include as a relief association member a minor serving as  
4.31 a volunteer firefighter or to permit a minor to serve in any capacity performing any  
4.32 firefighting duties with a volunteer fire department.

4.33 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a  
4.34 substitute volunteer firefighter ~~shall be deemed~~ may be considered to be a firefighter for

5.1 purposes of chapter 69 or this chapter ~~nor shall be~~ and no substitute volunteer firefighter is  
5.2 authorized to be a member of any volunteer firefighters' relief association governed by  
5.3 chapter 69 or this chapter.

5.4 Subd. 3. **Status of nonmember volunteer firefighters.** No person who is serving  
5.5 as a firefighter in a fire department but who is not a member of the applicable firefighters'  
5.6 relief association ~~shall be~~ is entitled to any service pension or ancillary benefits from  
5.7 the relief association.

5.8 Subd. 4. **Exclusion of persons constituting an unwarranted health risk.** The  
5.9 board of trustees of every relief association may exclude from membership in the relief  
5.10 association all applicants who, due to some medically determinable physical or mental  
5.11 impairment or condition, ~~would~~ is determined to constitute a predictable and unwarranted  
5.12 risk of imposing liability for an ancillary benefit at any age earlier than the minimum  
5.13 age specified for receipt of a service pension. Notwithstanding any provision of section  
5.14 363A.25, it ~~shall be~~ is a good and valid defense to a complaint or action brought under  
5.15 chapter 363A that the board of trustees of the relief association made a good faith  
5.16 determination that the applicant suffers from an impairment or condition constituting a  
5.17 predictable and unwarranted risk for the relief association if the determination was made  
5.18 following consideration of: ~~(a)~~ (1) the person's medical history; and ~~(b)~~ (2) the report of  
5.19 the physician completing a physical examination of the applicant ~~completed~~ undertaken at  
5.20 the expense of the relief association.

5.21 Subd. 5. **Fire prevention personnel.** (a) If the fire department is a municipal  
5.22 department and the applicable municipality approves, or if the fire department is an  
5.23 independent nonprofit firefighting corporation and the contracting municipality or  
5.24 municipalities approve, the fire department may employ or otherwise utilize the services  
5.25 of persons as volunteer firefighters to perform fire prevention duties and to supervise  
5.26 fire prevention activities.

5.27 (b) Personnel serving in fire prevention positions are eligible to be members of  
5.28 the applicable volunteer firefighter relief association and to qualify for service pension  
5.29 or other benefit coverage of the relief association on the same basis as fire department  
5.30 personnel who perform fire suppression duties.

5.31 (c) Personnel serving in fire prevention positions also are eligible to receive any  
5.32 other benefits under the applicable law or practice for services on the same basis as  
5.33 personnel who are employed to perform fire suppression duties.

5.34 Sec. 16. **[424A.015] GENERALLY APPLICABLE VOLUNTEER**  
5.35 **FIREFIGHTERS' RELIEF ASSOCIATION PENSION PLAN REGULATION.**

6.1 Subdivision 1. **Separation from active service; exception.** (a) No service pension  
6.2 is payable to a person while the person remains an active member of the respective fire  
6.3 department, and a person who is receiving a service pension is not entitled to receive any  
6.4 other benefits from the special fund of the relief association.

6.5 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a  
6.6 service pension or disability benefit to a former member of the relief association if that  
6.7 person has not separated from active service with the fire department to which the relief  
6.8 association is directly associated, unless:

6.9 (1) the person is employed subsequent to retirement by the municipality or the  
6.10 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
6.11 the municipal fire department or corporation on a full-time basis;

6.12 (2) the governing body of the municipality or of the corporation has filed its  
6.13 determination with the board of trustees of the relief association that the person's  
6.14 experience with and service to the fire department in that person's full-time capacity  
6.15 would be difficult to replace; and

6.16 (3) the bylaws of the relief association were amended to provide for the payment of  
6.17 a service pension or disability benefit for such full-time employees.

6.18 Subd. 2. **No assignment or garnishment.** A service pension or ancillary benefits  
6.19 paid or payable from the special fund of a relief association to any person receiving or  
6.20 entitled to receive a service pension or ancillary benefits is not subject to garnishment,  
6.21 judgment, execution, or other legal process, except as provided in section 518.58, 518.581,  
6.22 or 518A.53. No person entitled to a service pension or ancillary benefits from the special  
6.23 fund of a relief association may assign any service pension or ancillary benefit payments,  
6.24 and the association does not have the authority to recognize any assignment or pay over  
6.25 any sum which has been assigned.

6.26 Subd. 3. **Purchase of annuity contract.** A relief association that provides a service  
6.27 pension in a single payment, if the governing articles of incorporation or bylaws so  
6.28 provide, may purchase an annuity contract on behalf of a retiring member in an amount  
6.29 equal to the service pension otherwise payable at the request of the person and in place of  
6.30 a direct payment to the person. The annuity contract must be purchased from an insurance  
6.31 carrier licensed to do business in this state.

6.32 Subd. 4. **Transfer to individual retirement account.** A relief association that is a  
6.33 qualified pension plan under section 401(a) of the Internal Revenue Code, as amended,  
6.34 and that provides a single payment service pension, at the written request of the applicable  
6.35 retiring member or, following the death of the active member, at the written request of the  
6.36 deceased member's surviving spouse, may directly transfer on an institution-to-institution

7.1 basis the eligible member's lump-sum pension or the death, funeral, or survivor benefit  
7.2 attributable to the member, whichever applies, to the requesting person's individual  
7.3 retirement account under section 408(a) of the Internal Revenue Code, as amended.

7.4 **Sec. 17. [424A.016] DEFINED CONTRIBUTION VOLUNTEER**  
7.5 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

7.6 Subdivision 1. **Defined contribution relief association authorization.** If the  
7.7 articles of incorporation or the bylaws governing the volunteer firefighters' relief  
7.8 association so provide exclusively, the relief association may pay a defined contribution  
7.9 lump-sum service pension instead of a defined benefit service pension governed by section  
7.10 424A.02.

7.11 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
7.12 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
7.13 special fund a service pension to each of its members who:

7.14 (1) separates from active service with the fire department;

7.15 (2) reaches age 50;

7.16 (3) completes at least five years of active service as an active member of the  
7.17 municipal fire department to which the relief association is associated;

7.18 (4) completes at least five years of active membership with the relief association  
7.19 before separation from active service; and

7.20 (5) complies with any additional conditions as to age, service, and membership that  
7.21 are prescribed by the bylaws of the relief association.

7.22 (b) In the case of a member who has completed at least five years of active service as  
7.23 an active member of the fire department to which the relief association is associated on  
7.24 the date that the relief association is established and incorporated, the requirement that  
7.25 the member complete at least five years of active membership with the relief association  
7.26 before separation from active service may be waived by the board of trustees of the relief  
7.27 association if the member completes at least five years of inactive membership with the  
7.28 relief association before the date of the payment of the service pension. During the period  
7.29 of inactive membership, the member is not entitled to receive any disability benefit  
7.30 coverage, is not entitled to receive additional individual account allocation of fire state  
7.31 aid or municipal contribution towards a service pension, and is considered to have the  
7.32 status of a person entitled to a deferred service pension.

7.33 (c) The service pension earned by a volunteer under this chapter and the articles  
7.34 of incorporation and bylaws of the relief association may be paid whether or not the

8.1 municipality or nonprofit firefighting corporation to which the relief association is  
8.2 associated qualifies for the receipt of fire state aid under chapter 69.

8.3 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a  
8.4 defined contribution relief association so provide, a relief association may pay a reduced  
8.5 service pension not to exceed the nonforfeitable percentage of the account balance to a  
8.6 retiring member who has completed fewer than 20 years of service. The reduced service  
8.7 pension may be paid when the retiring member meets the minimum age and service  
8.8 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are  
8.9 as follows:

<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage of Pension Amount</u>
<u>5</u>	<u>40 percent</u>
<u>6</u>	<u>52 percent</u>
<u>7</u>	<u>64 percent</u>
<u>8</u>	<u>76 percent</u>
<u>9</u>	<u>88 percent</u>
<u>10 and thereafter</u>	<u>100 percent</u>

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

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

8.21 (1) amounts of fire state aid received by the relief association;

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

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

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

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



9.1 (c) Amounts to be credited to individual accounts must be allocated uniformly  
9.2 for all years of active service and allocations must be made for all years of service,  
9.3 except as otherwise provided in this section. The allocation method may utilize monthly  
9.4 proration for fractional years of service, if the bylaws or articles of incorporation of the  
9.5 relief association so provide.

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

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

9.15 Subd. 5. Service pension installment payments. At the option of the retiring  
9.16 member and in lieu of a single payment of a service pension, a defined contribution relief  
9.17 association may pay the service pension in installments, if the governing bylaws so  
9.18 provide. The election of installment payments is irrevocable and must be made by the  
9.19 retiring member in writing and filed with the secretary of the relief association no later  
9.20 than 30 days before the commencement of payment of the service pension. The amount of  
9.21 the installment payments must be the fractional portion of the remaining account balance  
9.22 equal to one divided by the number of remaining annual installment payments.

9.23 Subd. 6. Deferred service pensions. (a) A member of a relief association is entitled  
9.24 to a deferred service pension if the member:

9.25 (1) has completed the lesser of the minimum period of active service with the fire  
9.26 department specified in the bylaws or 20 years of active service with the fire department;

9.27 (2) has completed at least five years of active membership in the relief association;

9.28 and

9.29 (3) separates from active service and membership before reaching age 50 or the  
9.30 minimum age for retirement and commencement of a service pension specified in the  
9.31 bylaws governing the relief association if that age is greater than age 50.

9.32 (b) The deferred service pension is payable when the former member reaches age  
9.33 50, or the minimum age specified in the bylaws governing the relief association if that age  
9.34 is greater than age 50, and when the former member makes a valid written application.

9.35 (c) A defined contribution relief association may, if its governing bylaws so provide,  
9.36 credit interest or additional investment performance on the deferred lump-sum service

10.1 pension during the period of deferral. If provided for in the bylaws, the interest must be  
10.2 paid:

10.3 (1) at the investment performance rate actually earned on that portion of the assets  
10.4 if the deferred benefit amount is invested by the relief association in a separate account  
10.5 established and maintained by the relief association or if the deferred benefit amount is  
10.6 invested in a separate investment vehicle held by the relief association; or

10.7 (2) the investment return on the assets of the special fund of the defined contribution  
10.8 volunteer firefighter relief association in proportion to the share of the assets of the special  
10.9 fund to the credit of each individual deferred member account through the date on which  
10.10 the investment return is recognized by and credited to the special fund.

10.11 (d) The deferred service pension is governed by and must be calculated under  
10.12 the general statute, special law, relief association articles of incorporation, and relief  
10.13 association bylaw provisions applicable on the date on which the member separated from  
10.14 active service with the fire department and active membership in the relief association.

10.15 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief  
10.16 association may only pay an ancillary benefit which would constitute an authorized  
10.17 disbursement as specified in section 424A.05. The ancillary benefit for active members  
10.18 must equal the vested or nonvested amount of the individual account of the member.

10.19 (b) For deferred members, the ancillary benefit must equal the vested amount of  
10.20 the individual account of the member. For the recipient of installment payments of a  
10.21 service pension, the ancillary benefit must equal the remaining balance in the individual  
10.22 account of the recipient.

10.23 Subd. 8. **Repayment of service pension in certain instances.** If a retired volunteer  
10.24 firefighter does not permanently separate from active firefighting service as required  
10.25 by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a  
10.26 firefighter in the same volunteer fire department or as a person in charge of firefighters in  
10.27 the same volunteer fire department, no additional service pension amount is payable to the  
10.28 person, no additional individual account allocation may be made to the person, and the  
10.29 person must repay to the relief association any previously received service pension.

10.30 Subd. 9. **Filing of bylaw amendments.** Each relief association to which this section  
10.31 applies must file a revised copy of its governing bylaws with the state auditor upon the  
10.32 adoption of any amendment to its governing bylaws by the relief association. Failure of  
10.33 the relief association to file a copy of the bylaws or any bylaw amendments with the state  
10.34 auditor disqualifies the municipality from the distribution of any future fire state aid until  
10.35 this filing requirement has been completed.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

11.1 Sec. 18. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

11.2 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
11.3 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund  
11.4 a service pension to each of its members who: (1) separates from active service with the  
11.5 fire department; (2) reaches age 50; (3) completes at least five years of active service  
11.6 as an active member of the municipal fire department to which the relief association  
11.7 is associated; (4) completes at least five years of active membership with the relief  
11.8 association before separation from active service; and (5) complies with any additional  
11.9 conditions as to age, service, and membership that are prescribed by the bylaws of the  
11.10 relief association. A service pension computed under this section may be prorated  
11.11 monthly for fractional years of service, if the bylaws or articles of incorporation of the  
11.12 relief association so provide. The service pension earned by a volunteer firefighter under  
11.13 this chapter and the articles of incorporation and bylaws of the volunteer firefighters'  
11.14 relief association may be paid whether or not the municipality or nonprofit firefighting  
11.15 corporation to which the relief association is associated qualifies for the receipt of fire  
11.16 state aid under chapter 69.

11.17 (b) In the case of a member who has completed at least five years of active service as  
11.18 an active member of the fire department to which the relief association is associated on  
11.19 the date that the relief association is established and incorporated, the requirement that  
11.20 the member complete at least five years of active membership with the relief association  
11.21 before separation from active service may be waived by the board of trustees of the relief  
11.22 association if the member completes at least five years of inactive membership with the  
11.23 relief association before the date of the payment of the service pension. During the  
11.24 period of inactive membership, the member is not entitled to receive disability benefit  
11.25 coverage, is not entitled to receive additional service credit towards computation of a  
11.26 service pension, and is considered to have the status of a person entitled to a deferred  
11.27 service pension under subdivision 7.

11.28 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
11.29 take final action in setting a service pension or ancillary benefit amount or level to the  
11.30 board of trustees of the relief association or to approve in advance a service pension or  
11.31 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
11.32 would allow rather than a specific dollar amount or level.

11.33 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
11.34 service pension or disability benefit to a former member of the relief association if that  
11.35 person has not separated from active service with the fire department to which the relief  
11.36 association is directly associated, unless:

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12.1 (1) the person is employed subsequent to retirement by the municipality or the  
12.2 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
12.3 the municipal fire department or corporation on a full-time basis;

12.4 (2) the governing body of the municipality or of the corporation has filed its  
12.5 determination with the board of trustees of the relief association that the person's  
12.6 experience with and service to the fire department in that person's full-time capacity  
12.7 would be difficult to replace; and

12.8 (3) the bylaws of the relief association were amended to provide for the payment of  
12.9 a service pension or disability benefit for such full-time employees.

12.10 Sec. 19. Minnesota Statutes 2008, section 424A.02, subdivision 2, is amended to read:

12.11 Subd. 2. **Nonforfeitable portion of service pension.** (a) If the articles of  
12.12 incorporation or bylaws of a defined benefit relief association so provide, ~~a~~ the relief  
12.13 association may pay a reduced service pension to a retiring member who has completed  
12.14 fewer than 20 years of service. The reduced service pension may be paid when the retiring  
12.15 member meets the minimum age and service requirements of subdivision 1.

12.16 (b) The amount of the reduced service pension may not exceed the amount calculated  
12.17 by multiplying the service pension appropriate for the completed years of service as  
12.18 specified in the bylaws ~~times~~ multiplied by the applicable nonforfeitable percentage of  
12.19 pension.

12.20 (c) For a defined benefit volunteer firefighter relief association that pays a lump-sum  
12.21 service pension, a monthly benefit service pension, or a lump-sum service pension or a  
12.22 monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage  
12.23 of pension amounts are as follows:

12.24	Completed Years of Service	Nonforfeitable Percentage of
12.25		Pension Amount
12.26	5	40 percent
12.27	6	44 percent
12.28	7	48 percent
12.29	8	52 percent
12.30	9	56 percent
12.31	10	60 percent
12.32	11	64 percent
12.33	12	68 percent
12.34	13	72 percent
12.35	14	76 percent
12.36	15	80 percent
12.37	16	84 percent
12.38	17	88 percent

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

13.1	18	92 percent
13.2	19	96 percent
13.3	20 and thereafter	100 percent

13.4 ~~(d) For a volunteer firefighter relief association that pays a defined contribution~~  
 13.5 ~~service pension, the nonforfeitable percentage of pension amounts are as follows:~~

13.6	Completed Years of Service	Nonforfeitable Percentage of
13.7		Pension Amount
13.8	5	40 percent
13.9	6	52 percent
13.10	7	64 percent
13.11	8	76 percent
13.12	9	88 percent
13.13	10 and thereafter	100 percent

13.14 Sec. 20. Minnesota Statutes 2008, section 424A.02, subdivision 3, is amended to read:

13.15 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1  
 13.16 as part of the certification of the financial requirements and minimum municipal obligation  
 13.17 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,  
 13.18 the secretary or some other official of the relief association designated in the bylaws of  
 13.19 each defined benefit relief association shall calculate and certify to the governing body  
 13.20 of the applicable qualified municipality the average amount of available financing per  
 13.21 active covered firefighter for the most recent three-year period. The amount of available  
 13.22 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the  
 13.23 relief association, any amounts of municipal contributions to the relief association raised  
 13.24 from levies on real estate or from other available revenue sources exclusive of fire state  
 13.25 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 13.26 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;  
 13.27 or 69.774, subdivision 2, if any.

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

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

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

14.1 or the maximum service pension figure corresponding to the average amount of available  
 14.2 financing per active covered firefighter:

14.3	Minimum Average Amount of Available	Maximum Service Pension Amount
14.4	Financing per Firefighter	Payable per Month for Each
14.5		Year of Service
14.6	\$ ...	\$ .25
14.7	41	.50
14.8	81	1.00
14.9	122	1.50
14.10	162	2.00
14.11	203	2.50
14.12	243	3.00
14.13	284	3.50
14.14	324	4.00
14.15	365	4.50
14.16	405	5.00
14.17	486	6.00
14.18	567	7.00
14.19	648	8.00
14.20	729	9.00
14.21	810	10.00
14.22	891	11.00
14.23	972	12.00
14.24	1053	13.00
14.25	1134	14.00
14.26	1215	15.00
14.27	1296	16.00
14.28	1377	17.00
14.29	1458	18.00
14.30	1539	19.00
14.31	1620	20.00
14.32	1701	21.00
14.33	1782	22.00
14.34	1823	22.50
14.35	1863	23.00
14.36	1944	24.00
14.37	2025	25.00
14.38	2106	26.00
14.39	2187	27.00
14.40	2268	28.00
14.41	2349	29.00
14.42	2430	30.00
14.43	2511	31.00
14.44	2592	32.00

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

15.1	2673	33.00
15.2	2754	34.00
15.3	2834	35.00
15.4	2916	36.00
15.5	2997	37.00
15.6	3078	38.00
15.7	3159	39.00
15.8	3240	40.00
15.9	3321	41.00
15.10	3402	42.00
15.11	3483	43.00
15.12	3564	44.00
15.13	3645	45.00
15.14	3726	46.00
15.15	3807	47.00
15.16	3888	48.00
15.17	3969	49.00
15.18	4050	50.00
15.19	4131	51.00
15.20	4212	52.00
15.21	4293	53.00
15.22	4374	54.00
15.23	4455	55.00
15.24	4536	56.00
15.25	Effective beginning December 31, 2008	
15.26	4617	57.00
15.27	4698	58.00
15.28	4779	59.00
15.29	4860	60.00
15.30	4941	61.00
15.31	5022	62.00
15.32	5103	63.00
15.33	5184	64.00
15.34	5265	65.00
15.35	Effective beginning December 31, 2009	
15.36	5346	66.00
15.37	5427	67.00
15.38	5508	68.00
15.39	5589	69.00
15.40	5670	70.00
15.41	5751	71.00
15.42	5832	72.00
15.43	5913	73.00

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

16.1	5994	74.00
16.2	Effective beginning December 31, 2010	
16.3	6075	75.00
16.4	6156	76.00
16.5	6237	77.00
16.6	6318	78.00
16.7	6399	79.00
16.8	6480	80.00
16.9	6561	81.00
16.10	6642	82.00
16.11	6723	83.00
16.12	Effective beginning December 31, 2011	
16.13	6804	84.00
16.14	6885	85.00
16.15	6966	86.00
16.16	7047	87.00
16.17	7128	88.00
16.18	7209	89.00
16.19	7290	90.00
16.20	7371	91.00
16.21	7452	92.00
16.22	Effective beginning December 31, 2012	
16.23	7533	93.00
16.24	7614	94.00
16.25	7695	95.00
16.26	7776	96.00
16.27	7857	97.00
16.28	7938	98.00
16.29	8019	99.00
16.30	8100	100.00
16.31	any amount in excess of	
16.32	8100	100.00

16.33 (d) For a defined benefit relief association in which the governing bylaws provide  
 16.34 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 16.35 pension amount for each year of service credited that may be provided for in the bylaws is  
 16.36 the greater of the service pension amount provided for in the bylaws on the date of the  
 16.37 calculation of the average amount of the available financing per active covered firefighter  
 16.38 or the maximum service pension figure corresponding to the average amount of available  
 16.39 financing per active covered firefighter for the applicable specified period:



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

17.1 17.2 17.3 17.4 17.5 17.6 17.7 17.8 17.9 17.10 17.11 17.12 17.13 17.14 17.15 17.16 17.17 17.18 17.19 17.20 17.21 17.22 17.23 17.24 17.25 17.26 17.27 17.28 17.29 17.30 17.31 17.32 17.33 17.34 17.35 17.36 17.37 17.38 17.39 17.40 17.41 17.42 17.43 17.44	Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
	\$ ...	\$ 10
	11	20
	16	30
	23	40
	27	50
	32	60
	43	80
	54	100
	65	120
	77	140
	86	160
	97	180
	108	200
	131	240
	151	280
	173	320
	194	360
	216	400
	239	440
	259	480
	281	520
	302	560
	324	600
	347	640
	367	680
	389	720
	410	760
	432	800
	486	900
	540	1000
	594	1100
	648	1200
	702	1300
	756	1400
	810	1500
	864	1600
	918	1700
	972	1800
	1026	1900
	1080	2000
	1134	2100

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

18.1	1188	2200
18.2	1242	2300
18.3	1296	2400
18.4	1350	2500
18.5	1404	2600
18.6	1458	2700
18.7	1512	2800
18.8	1566	2900
18.9	1620	3000
18.10	1672	3100
18.11	1726	3200
18.12	1753	3250
18.13	1780	3300
18.14	1820	3375
18.15	1834	3400
18.16	1888	3500
18.17	1942	3600
18.18	1996	3700
18.19	2023	3750
18.20	2050	3800
18.21	2104	3900
18.22	2158	4000
18.23	2212	4100
18.24	2265	4200
18.25	2319	4300
18.26	2373	4400
18.27	2427	4500
18.28	2481	4600
18.29	2535	4700
18.30	2589	4800
18.31	2643	4900
18.32	2697	5000
18.33	2751	5100
18.34	2805	5200
18.35	2859	5300
18.36	2913	5400
18.37	2967	5500
18.38	3021	5600
18.39	3075	5700
18.40	3129	5800
18.41	3183	5900
18.42	3237	6000
18.43	3291	6100

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

19.1	3345	6200
19.2	3399	6300
19.3	3453	6400
19.4	3507	6500
19.5	3561	6600
19.6	3615	6700
19.7	3669	6800
19.8	3723	6900
19.9	3777	7000
19.10	3831	7100
19.11	3885	7200
19.12	3939	7300
19.13	3993	7400
19.14	4047	7500
19.15	Effective beginning December 31, 2008	
19.16	4101	7600
19.17	4155	7700
19.18	4209	7800
19.19	4263	7900
19.20	4317	8000
19.21	4371	8100
19.22	4425	8200
19.23	4479	8300
19.24	Effective beginning December 31, 2009	
19.25	4533	8400
19.26	4587	8500
19.27	4641	8600
19.28	4695	8700
19.29	4749	8800
19.30	4803	8900
19.31	4857	9000
19.32	4911	9100
19.33	Effective beginning December 31, 2010	
19.34	4965	9200
19.35	5019	9300
19.36	5073	9400
19.37	5127	9500
19.38	5181	9600
19.39	5235	9700
19.40	5289	9800
19.41	5343	9900
19.42	5397	10,000

20.1 any amount in excess of  
20.2 5397 10,000

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

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

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

20.19 (h) The method of calculating service pensions must be applied uniformly for all  
20.20 years of active service and credit must be given for all years of active service except as  
20.21 otherwise provided in this section.

20.22 Sec. 21. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

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

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

20.34 (2) recover the amount of the overpaid service pension or pensions from any retired  
20.35 firefighter who received an overpayment.

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

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

21.8 (d) The determination of the state auditor that a relief association has paid a service  
21.9 pension greater than the applicable maximum must be made on the basis of the information  
21.10 filed by the relief association and the municipality with the state auditor under sections  
21.11 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
21.12 relevant information that comes to the attention of the state auditor. The determination  
21.13 of the state auditor is final. An aggrieved municipality, relief association, or person may  
21.14 appeal the determination under section 480A.06.

21.15 Sec. 22. Minnesota Statutes 2008, section 424A.02, subdivision 7, is amended to read:

21.16 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
21.17 association is entitled to a deferred service pension if the member:

21.18 (1) has completed the lesser of either the minimum period of active service with  
21.19 the fire department specified in the bylaws or 20 years of active service with the fire  
21.20 department;

21.21 (2) has completed at least five years of active membership in the relief association;  
21.22 and

21.23 (3) separates from active service and membership before reaching age 50 or the  
21.24 minimum age for retirement and commencement of a service pension specified in the  
21.25 bylaws governing the relief association if that age is greater than age 50.

21.26 (b) The deferred service pension is payable when the former member reaches age  
21.27 50, or the minimum age specified in the bylaws governing the relief association if that age  
21.28 is greater than age 50, and when the former member makes a valid written application.

21.29 (c) A defined benefit relief association that provides a lump-sum service pension  
21.30 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
21.31 deferred lump-sum service pension during the period of deferral. If provided for in the  
21.32 bylaws, interest must be paid in one of the following manners:

21.33 (1) at the investment performance rate actually earned on that portion of the assets  
21.34 if the deferred benefit amount is invested by the relief association in a separate account

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

22.1 established and maintained by the relief association or if the deferred benefit amount is  
22.2 invested in a separate investment vehicle held by the relief association; or

22.3 (2) at an interest rate of up to five percent, compounded annually, as set by the board  
22.4 of directors and approved as provided in subdivision 10.

22.5 (d) Interest under paragraph (c), clause (2), is payable following the date on which  
22.6 the municipality has approved the deferred service pension interest rate established by  
22.7 the board of trustees.

22.8 ~~(e) A relief association that provides a defined contribution service pension may,~~  
22.9 ~~if its governing bylaws so provide, credit interest or additional investment performance~~  
22.10 ~~on the deferred lump-sum service pension during the period of deferral. If provided for~~  
22.11 ~~in the bylaws, the interest must be paid in one of the manners specified in paragraph~~  
22.12 ~~(e) or alternatively the relief association may credit any investment return on the assets~~  
22.13 ~~of the special fund of the defined contribution volunteer firefighter relief association in~~  
22.14 ~~proportion to the share of the assets of the special fund to the credit of each individual~~  
22.15 ~~deferred member account through the date on which the investment return is recognized~~  
22.16 ~~by and credited to the special fund.~~

22.17 ~~(f)~~ (e) For a deferred service pension that is transferred to a separate account  
22.18 established and maintained by the relief association or separate investment vehicle held  
22.19 by the relief association, the deferred member bears the full investment risk subsequent  
22.20 to transfer and in calculating the accrued liability of the volunteer firefighters relief  
22.21 association that pays a lump-sum service pension, the accrued liability for deferred service  
22.22 pensions is equal to the separate relief association account balance or the fair market value  
22.23 of the separate investment vehicle held by the relief association.

22.24 ~~(g)~~ (f) The deferred service pension is governed by and must be calculated under  
22.25 the general statute, special law, relief association articles of incorporation, and relief  
22.26 association bylaw provisions applicable on the date on which the member separated from  
22.27 active service with the fire department and active membership in the relief association.

22.28 Sec. 23. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

22.29 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined  
22.30 benefit relief association, if the governing bylaws so provide, may pay, at the option of  
22.31 the retiring member and in lieu of a single payment of a lump-sum service pension, a  
22.32 lump-sum service pension in installments.

22.33 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must  
22.34 be made by the retiring member in writing and filed with the secretary of the relief  
22.35 association no later than 30 days prior to the commencement of payment of the service

23.1 pension. The amount of the installment payments ~~shall~~ must be determined so that the  
23.2 present value of the aggregate installment payments computed at an interest rate of five  
23.3 percent, compounded annually, is equal to the amount of the single lump-sum payment  
23.4 which would have been made had the installment payments option not been elected.  
23.5 The payment of each installment ~~shall~~ must include interest at the rate of five percent,  
23.6 compounded annually on the reserve supporting the remaining installment payments as  
23.7 of the date on which the previous installment payment was paid and computed from the  
23.8 date on which the previous installment payment was paid to the date of payment for  
23.9 the current installment payment.

23.10 (c) To the extent that the ~~commissioner of commerce~~ state auditor deems it to be  
23.11 necessary or practical, the ~~commissioner~~ state auditor may specify and issue procedures,  
23.12 forms or mathematical tables for use in performing the calculations required ~~pursuant to~~  
23.13 under this subdivision.

23.14 Sec. 24. Minnesota Statutes 2008, section 424A.02, subdivision 9, is amended to read:

23.15 Subd. 9. **Limitation on ancillary benefits.** ~~Any~~ A defined benefit relief association,  
23.16 including any volunteer firefighters relief association governed by section 69.77 or any  
23.17 volunteer firefighters division of a relief association governed by chapter 424, may only  
23.18 pay ancillary benefits which would constitute an authorized disbursement as specified in  
23.19 section 424A.05 subject to the following requirements or limitations:

23.20 (1) with respect to a defined benefit relief association in which governing bylaws  
23.21 provide for a lump-sum service pension to a retiring member, no ancillary benefit may  
23.22 be paid to any former member or paid to any person on behalf of any former member  
23.23 after the former member (i) terminates active service with the fire department and active  
23.24 membership in the relief association; and (ii) commences receipt of a service pension as  
23.25 authorized under this section; and

23.26 (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
23.27 payable to any member, to any former member, or to any person on behalf of any member  
23.28 or former member, may exceed in amount the total earned service pension of the member  
23.29 or former member. The total earned service pension must be calculated by multiplying  
23.30 the service pension amount specified in the bylaws of the relief association at the time of  
23.31 death or disability, whichever applies, by the years of service credited to the member or  
23.32 former member. The years of service must be determined as of (i) the date the member or  
23.33 former member became entitled to the ancillary benefit; or (ii) the date the member or  
23.34 former member died entitling a survivor or the estate of the member or former member to  
23.35 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

24.1 member had attained the minimum amount of service and membership credit specified in  
24.2 the governing bylaws. For active members, the amount of a permanent disability benefit  
24.3 or a survivor benefit must be equal to the member's total earned service pension except  
24.4 that the bylaws of ~~any~~ a defined benefit relief association may provide for the payment of  
24.5 a survivor benefit in an amount not to exceed five times the yearly service pension amount  
24.6 specified in the bylaws on behalf of any member who dies before having performed five  
24.7 years of active service in the fire department with which the relief association is affiliated.

24.8 Sec. 25. Minnesota Statutes 2008, section 424A.02, subdivision 9a, is amended to read:

24.9 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or  
24.10 special law to the contrary, a defined benefit relief association paying a monthly service  
24.11 pension may provide a postretirement increase to retired members and ancillary benefit  
24.12 recipients of the relief association if (1) the relief association adopts an appropriate bylaw  
24.13 amendment; and (2) the bylaw amendment is approved by the municipality pursuant to  
24.14 subdivision 10 and section 69.773, subdivision 6. The postretirement increase ~~shall be~~  
24.15 is applicable only to retired members and ancillary benefit recipients receiving a service  
24.16 pension or ancillary benefit as of the effective date of the bylaw amendment. The authority  
24.17 to provide a postretirement increase to retired members and ancillary benefit recipients  
24.18 of a relief association contained in this subdivision ~~shall supersede~~ supersedes any prior  
24.19 special law authorization relating to the provision of postretirement increases.

24.20 Sec. 26. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

24.21 Subd. 9b. **Repayment of service pension in certain instances.** If a retired  
24.22 volunteer firefighter does not permanently separate from active firefighting service as  
24.23 required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service  
24.24 as a firefighter in the same volunteer fire department or as a person in charge of firefighters  
24.25 in the same volunteer fire department, no additional service pension amount is payable  
24.26 to the person, no additional service is creditable to the person, and the person ~~shall~~ must  
24.27 repay to the defined benefit relief association any previously received service pension.

24.28 Sec. 27. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

24.29 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
24.30 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
24.31 copy of its governing bylaws with the state auditor upon the adoption of any amendment  
24.32 to its governing bylaws by the relief association or upon the approval of any amendment  
24.33 to its governing bylaws granted by the governing body of each municipality served by the



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

25.1 fire department to which the relief association is directly associated. Failure of the relief  
25.2 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
25.3 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
25.4 aid until this filing requirement has been completed.

25.5 (b) If the special fund of the relief association does not have a surplus over full  
25.6 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
25.7 69.773, subdivision 4, and if the municipality is required to provide financial support to  
25.8 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
25.9 bylaw amendment which would affect the amount of, the manner of payment of, or the  
25.10 conditions for qualification for service pensions or ancillary benefits or disbursements  
25.11 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable  
25.12 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
25.13 by the governing body or bodies of the appropriate municipalities. If the municipality is  
25.14 not required to provide financial support to the special fund ~~pursuant to~~ under this section,  
25.15 the relief association may adopt or amend without municipal ratification its articles  
25.16 of incorporation or bylaws which increase or otherwise affect the service pensions or  
25.17 ancillary benefits payable from the special fund so long as the changes do not cause the  
25.18 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
25.19 percent of the amount of the prior surplus over full funding and the changes do not result  
25.20 in the financial requirements of the special fund exceeding the expected amount of the  
25.21 ~~future~~ subsequent calendar year's fire state aid to be received by the relief association.

25.22 (c) If the relief association pays only a lump-sum pension, the financial requirements  
25.23 are to be determined by the board of trustees following the preparation of an estimate  
25.24 of the expected increase in the accrued liability and annual accruing liability of the  
25.25 relief association attributable to the change. If the relief association pays a monthly  
25.26 benefit service pension, the financial requirements are to be determined by the board of  
25.27 trustees following either an updated actuarial valuation including the proposed change  
25.28 or an estimate of the expected actuarial impact of the proposed change prepared by the  
25.29 actuary of the relief association. If a relief association adopts or amends its articles of  
25.30 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
25.31 and, subsequent to the amendment or adoption, the financial requirements of the special  
25.32 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
25.33 municipality, the provision which was implemented without municipal ratification ~~shall~~ is  
25.34 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
25.35 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
25.36 incorporation or bylaws as amended or adopted with municipal ratification.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

26.1 Sec. 28. Minnesota Statutes 2008, section 424A.02, subdivision 12, is amended to read:

26.2 Subd. 12. **Transfer of service credit to new district.** Notwithstanding the  
26.3 requirements of subdivision 1 or any other law, a member of a fire department which is  
26.4 disbanded upon formation of a fire district to serve substantially the same geographic  
26.5 area, who serves as an active firefighter with the new district fire department, and is a  
26.6 member of the district firefighters' defined benefit relief association ~~shall be~~ is entitled  
26.7 to a nonforfeitable service pension from the new relief association upon completion of  
26.8 a combined total of 20 years active service in the disbanded and the new departments.  
26.9 The amount of the service pension ~~shall be~~ is based upon years of service in the new  
26.10 department only; and ~~shall~~ must be in an amount equal to the accrued liability for the  
26.11 appropriate years of service calculated in accordance with section 69.772, subdivision 2.

26.12 Sec. 29. Minnesota Statutes 2008, section 424A.02, subdivision 13, is amended to read:

26.13 Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws  
26.14 of the defined benefit relief associations so provide, a volunteer firefighter with credit for  
26.15 service as an active firefighter in more than one defined benefit volunteer firefighters relief  
26.16 association is entitled, when the applicable requirements of paragraph (b) are met and  
26.17 when otherwise qualified, to a prorated service credit from each relief association.

26.18 (b) A volunteer firefighter receiving a prorated service pension under this subdivision  
26.19 must have a total amount of service credit of ten years or more, if the bylaws of every  
26.20 affected relief association ~~does~~ do not require specify only a five-year service vesting  
26.21 requirement, or five years or more, if the bylaws of every affected relief association  
26.22 ~~requires~~ require only a five-year service vesting requirement, as a member of two or more  
26.23 relief associations otherwise qualified. The member must have one year or more of service  
26.24 credit in each relief association. The prorated service pension must be based on the service  
26.25 pension amount in effect for the relief association on the date on which active volunteer  
26.26 firefighting services covered by that relief association terminate. To receive a service  
26.27 pension under this subdivision, the firefighter must become a member of the second or  
26.28 succeeding association and must give notice of membership to the prior association within  
26.29 two years of the date of termination of active service with the prior association. The notice  
26.30 must be attested to by the second or subsequent relief association secretary.

26.31 Sec. 30. Minnesota Statutes 2008, section 424A.021, is amended to read:

26.32 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
26.33 **SERVICE.**

27.1 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a  
27.2 volunteer firefighter who is absent from firefighting service due to service in the uniformed  
27.3 services, as defined in United States Code, title 38, section 4303(13), may obtain service  
27.4 credit if the relief association is a defined benefit plan or an allocation ~~of any fire state~~  
27.5 ~~aid, any municipal contributions, and any investment return received~~ by the relief  
27.6 association as though the person was an active member if the relief association is a defined  
27.7 contribution plan for the period of the uniformed service, not to exceed five years, unless a  
27.8 longer period is required under United States Code, title 38, section 4312.

27.9 Subd. 2. **Limitations.** (a) To be eligible for service credit or an ~~investment return~~  
27.10 allocation as though an active member under this section, the volunteer firefighter must  
27.11 return to firefighting service with coverage by the same relief association or by the  
27.12 successor to that relief association upon discharge from service in the uniformed service  
27.13 within the time frame required in United States Code, title 38, section 4312(e).

27.14 (b) Service credit or an ~~investment return~~ allocation as though an active member is  
27.15 not authorized if the firefighter separates from uniformed service with a dishonorable or  
27.16 bad conduct discharge or under other than honorable conditions.

27.17 (c) Service credit or an ~~investment return~~ allocation as though an active member  
27.18 is not authorized if the firefighter fails to provide notice to the fire department that the  
27.19 individual is leaving to provide service in the uniformed service, unless it is not feasible to  
27.20 provide that notice due to the emergency nature of the situation.

27.21 Sec. 31. Minnesota Statutes 2008, section 424A.03, is amended to read:

27.22 **424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE**  
27.23 **PENSION AND RETIREMENT BENEFITS.**

27.24 Subdivision 1. **Limitation on nonuniformity of pensions.** Every partially salaried  
27.25 and partially volunteer firefighters' relief association ~~shall~~ must provide service pensions  
27.26 to volunteer firefighter members based on the years of service of the members not on  
27.27 the compensation paid to the members for firefighting services. Each relief association  
27.28 ~~shall~~ must provide service pensions to salaried members as set forth in chapter 424 and  
27.29 applicable special laws.

27.30 Subd. 2. **Penalties for violations.** ~~Any A~~ A municipality which has a fire department  
27.31 ~~to which associated with~~ a relief association which violates the provisions of subdivision  
27.32 1 is directly associated or which contracts with an independent nonprofit firefighting  
27.33 corporation ~~of which associated with~~ a relief association which violates the provisions  
27.34 of subdivision 1 is a subsidiary ~~shall~~ may not be included in the apportionment of fire  
27.35 state aid ~~by the commissioner of commerce~~ to the applicable county auditor ~~pursuant to~~

28.1 under section 69.021, subdivision 6, and ~~shall~~ may not be included in the apportionment  
28.2 of fire state aid by the county auditor to the various municipalities ~~pursuant to~~ under  
28.3 section 69.021, subdivision 7.

28.4 Subd. 3. **Exception to application of limitation and penalty.** The limitation  
28.5 provided for in subdivision 1 ~~shall~~ does not apply to any relief association which ~~prior to~~  
28.6 before January 1, 1957, had established a definite service pension formula for members  
28.7 of the partially salaried and partially volunteer firefighters' relief association who are  
28.8 regularly employed firefighters.

28.9 Sec. 32. Minnesota Statutes 2008, section 424A.04, is amended to read:

28.10 **424A.04 VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.**

28.11 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
28.12 a municipal fire department must be managed by a board of trustees consisting of nine  
28.13 members. Six trustees must be elected from the membership of the relief association and  
28.14 three trustees must be drawn from the officials of the municipalities served by the fire  
28.15 department to which the relief association is directly associated. The bylaws of a relief  
28.16 association which provides a monthly benefit service pension may provide that one of  
28.17 the six trustees elected from the relief association membership may be a retired member  
28.18 receiving a monthly pension who is elected by the membership of the relief association.  
28.19 The three municipal trustees must be one elected municipal official and one elected or  
28.20 appointed municipal official who are designated as municipal representatives by the  
28.21 municipal governing board annually and the chief of the municipal fire department.

28.22 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
28.23 corporation must be managed by a board of trustees consisting of nine members. Six  
28.24 trustees must be elected from the membership of the relief association, two trustees must  
28.25 be drawn from the officials of the municipalities served by the fire department to which  
28.26 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
28.27 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
28.28 association may provide that one of the six trustees elected from the relief association  
28.29 membership may be a retired member receiving a monthly pension who is elected by the  
28.30 membership of the relief association. The two municipal trustees must be elected or  
28.31 appointed municipal officials, selected as follows:

28.32 (1) if only one municipality contracts with the independent nonprofit firefighting  
28.33 corporation, the municipal trustees must be two officials of the contracting municipality  
28.34 who are designated annually by the governing body of the municipality; or

29.1 (2) if two or more municipalities contract with the independent nonprofit corporation,  
29.2 the municipal trustees must be one official from each of the two largest municipalities  
29.3 in population who are designated annually by the governing bodies of the applicable  
29.4 municipalities.

29.5 (c) The municipal trustees for a relief association that is directly associated with a fire  
29.6 department operated as or by a joint powers entity must be designated annually by the joint  
29.7 powers board. The municipal trustees for a relief association that is directly associated  
29.8 with a fire department service area township must be designated by the township board.

29.9 (d) If a relief association lacks the municipal board members provided for in  
29.10 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
29.11 organized municipality, joint powers entity, or township, the municipal board members  
29.12 must be appointed from the fire department service area by the board of commissioners  
29.13 of the applicable county.

29.14 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
29.15 person's successor is qualified, whichever is later.

29.16 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
29.17 and duties accorded to any other trustee, except the right to be an officer of the relief  
29.18 association board of trustees.

29.19 (g) A board must have at least three officers, who are a president, a secretary and a  
29.20 treasurer. These officers must be elected from among the elected trustees by either the full  
29.21 board of trustees or by the relief association membership, as specified in the bylaws. In  
29.22 no event may any trustee hold more than one officer position at any one time. The terms  
29.23 of the elected trustees and of the officers of the board must be specified in the bylaws of  
29.24 the relief association, but may not exceed three years. If the term of the elected trustees  
29.25 exceeds one year, the election of the various trustees elected from the membership must be  
29.26 staggered on as equal a basis as is practicable.

29.27 Subd. 2. **Fiduciary duty.** The board of trustees of a relief association shall  
29.28 undertake their activities consistent with chapter 356A.

29.29 Subd. 2a. **Fiduciary responsibility.** In the discharge of their respective duties, the  
29.30 officers and trustees shall be held to the standard of care specified in section 11A.09. In  
29.31 addition, the trustees shall act in accordance with chapter 356A. Each member of the  
29.32 board is a fiduciary and shall undertake all fiduciary activities in accordance with the  
29.33 standard of care of section 11A.09, and in a manner consistent with chapter 356A. No  
29.34 fiduciary of a relief association shall cause a relief association to engage in a transaction if  
29.35 the fiduciary knows or should know that the transaction constitutes one of the following  
29.36 direct or indirect transactions:

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

30.1           (1) sale or exchange or leasing of any real property between the relief association  
30.2 and a board member;

30.3           (2) lending of money or other extension of credit between the relief association and  
30.4 a board member or member of the relief association;

30.5           (3) furnishing of goods, services, or facilities between the relief association and a  
30.6 board member; or

30.7           (4) transfer to a board member, or use by or for the benefit of a board member, of any  
30.8 assets of the relief association. A transfer of assets does not mean the payment of relief  
30.9 association benefits or administrative expenses permitted by law.

30.10           Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter  
30.11 relief association ~~hires~~ employs or contracts with a consultant to provide legal or financial  
30.12 advice, the secretary of the relief association shall obtain and the consultant shall provide  
30.13 to the secretary of the relief association a copy of the consultant's certificate of insurance.

30.14           (b) A consultant is any person who is employed under contract to provide legal or  
30.15 financial advice and who is or who represents to the volunteer firefighter relief association  
30.16 that the person is:

30.17           (1) an actuary;

30.18           (2) a licensed public accountant or a certified public accountant;

30.19           (3) an attorney;

30.20           (4) an investment advisor or manager, or an investment counselor;

30.21           (5) an investment advisor or manager selection consultant;

30.22           (6) a pension benefit design advisor or consultant; or

30.23           (7) any other financial consultant.

30.24           Sec. 33. Minnesota Statutes 2008, section 424A.05, subdivision 1, is amended to read:

30.25           Subdivision 1. **Establishment of special fund.** Every volunteer firefighters' relief  
30.26 association shall establish and maintain a special fund within the relief association.

30.27           Sec. 34. Minnesota Statutes 2008, section 424A.05, subdivision 2, is amended to read:

30.28           Subd. 2. **Special fund assets and revenues.** The special fund ~~shall~~ must be credited  
30.29 with all fire state aid moneys received ~~pursuant to~~ under sections 69.011 to 69.051,  
30.30 all taxes levied by or other revenues received from the municipality ~~pursuant to~~ under  
30.31 sections 69.771 to 69.776 or any applicable special law requiring municipal support for  
30.32 the relief association, any moneys or property donated, given, granted or devised by any  
30.33 person which is specified for use for the support of the special fund and any interest or  
30.34 investment return earned upon the assets of the special fund. The treasurer of the relief

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

31.1 association ~~shall be~~ is the custodian of the assets of the special fund and ~~shall~~ must be the  
31.2 recipient on behalf of the special fund of all revenues payable to the special fund. The  
31.3 treasurer shall maintain adequate records documenting any transaction involving the assets  
31.4 or the revenues of the special fund. These records and the bylaws of the relief association  
31.5 ~~shall be~~ are public and ~~shall~~ must be open for inspection by any member of the relief  
31.6 association, any officer or employee of the state or of the municipality, or any member of  
31.7 the public, at reasonable times and places.

31.8 Sec. 35. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

31.9 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
31.10 from the special fund ~~are~~ may not permitted to be made for any purpose other than one of  
31.11 the following:

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

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

31.17 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
31.18 or if none, to designated beneficiaries, of deceased members of the relief association, and  
31.19 if no survivors and if no designated beneficiary, for the payment of a death benefit to the  
31.20 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~  
31.21 under law and specified in amount in the bylaws governing the relief association;

31.22 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
31.23 Department Association, to the Minnesota Area Relief Association Coalition, and to  
31.24 the state Volunteer Firefighters Benefit Association in order to entitle relief association  
31.25 members to membership in and the benefits of these associations or organizations; and

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

31.28 (b) For purposes of this chapter, a designated beneficiary must be a natural person.

31.29 Sec. 36. Minnesota Statutes 2008, section 424A.05, subdivision 4, is amended to read:

31.30 Subd. 4. **Investments of assets of the special fund.** The assets of the special fund  
31.31 ~~shall~~ must be invested only in securities authorized by section 69.775.

31.32 Sec. 37. Minnesota Statutes 2008, section 424A.06, is amended to read:

31.33 **424A.06 RELIEF ASSOCIATION GENERAL FUND.**

32.1 Subdivision 1. **Establishment of general fund.** ~~Any~~ A volunteer firefighters' relief  
32.2 association may establish and maintain a general fund within the relief association.

32.3 Subd. 2. **General fund assets and revenues.** To the general fund, if established,  
32.4 ~~shall~~ must be credited all moneys received from dues, fines, initiation fees, entertainment  
32.5 revenues and any moneys or property donated, given, granted or devised by any person,  
32.6 for unspecified uses. The treasurer of the relief association ~~shall be~~ is the custodian of the  
32.7 assets of the general fund and ~~shall~~ must be the recipient on behalf of the general fund of  
32.8 all revenues payable to the general fund. The treasurer shall maintain adequate records  
32.9 documenting any transaction involving the assets or the revenues of the general fund.  
32.10 These records ~~shall~~ must be open for inspection by any member of the relief association  
32.11 at reasonable times and places.

32.12 Subd. 3. **Authorized disbursements from the general fund.** Disbursements from  
32.13 the general fund may be made for any purpose that is authorized by either the articles of  
32.14 incorporation or bylaws of the relief association.

32.15 Subd. 4. **Investment of assets of the general fund.** The assets of the general  
32.16 fund may be invested in any securities that are authorized by the bylaws of the relief  
32.17 association and may be certified for investment by the State Board of Investment in fixed  
32.18 income pools or in a separately managed account at the discretion of the State Board of  
32.19 Investment as provided in section 11A.14.

32.20 Sec. 38. Minnesota Statutes 2008, section 424A.07, is amended to read:

32.21 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS;**  
32.22 **ESTABLISHMENT OF RELIEF ASSOCIATIONS.**

32.23 ~~Prior to~~ Before paying any service pensions or retirement benefits ~~pursuant to~~  
32.24 under section 424A.02 or before becoming entitled to receive any amounts of fire state  
32.25 aid upon transmittal from a contracting municipality ~~pursuant to~~ under section 69.031,  
32.26 subdivision 5, a nonprofit firefighting corporation shall establish a volunteer firefighters'  
32.27 relief association governed by this chapter.

32.28 Sec. 39. Minnesota Statutes 2008, section 424A.08, is amended to read:

32.29 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
32.30 **AUTHORIZED DISBURSEMENTS.**

32.31 Any qualified municipality which is entitled to receive fire state aid but which has  
32.32 no volunteer firefighters' relief association directly associated with its fire department  
32.33 shall deposit the fire state aid in a special account established for that purpose in the



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

33.1 municipal treasury. Disbursement from the special account ~~shall~~ may not be made for  
33.2 any purpose except:

33.3 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
33.4 Department Association and to the state Volunteer Firefighters' Benefit Association in  
33.5 order to entitle its firefighters to membership in and the benefits of these state associations;

33.6 (2) payment of the cost of purchasing and maintaining needed equipment for the  
33.7 fire department; and

33.8 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and~~ or maintenance of  
33.9 buildings or other premises to house the equipment of the fire department.

33.10 Sec. 40. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

33.11 Subdivision 1. **Definitions.** For purposes of this section:

33.12 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
33.13 of pension or retirement benefits from a volunteer firefighters' relief association for service  
33.14 that the individual has performed as a volunteer firefighter;

33.15 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
33.16 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
33.17 minor children of a deceased volunteer firefighter;

33.18 (3) "active volunteer firefighter" means a person who regularly renders fire  
33.19 suppression service for a municipal fire department or an independent nonprofit firefighting  
33.20 corporation, who has met the statutory and other requirements for relief association  
33.21 membership, and who has been a fully qualified member of the relief association for  
33.22 at least one month; and

33.23 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
33.24 terminated active firefighting service, has sufficient service credit from the applicable  
33.25 relief association to be entitled to a service pension, but has not applied for or has not  
33.26 received the service pension.

33.27 Sec. 41. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

33.28 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
33.29 firefighters' relief association of a lump-sum distribution to a qualified recipient, the  
33.30 association must pay a supplemental benefit to the qualified recipient. Notwithstanding  
33.31 any law to the contrary, the relief association must pay the supplemental benefit out of  
33.32 its special fund. ~~The amount of~~ This benefit ~~equals~~ is an amount equal to ten percent of  
33.33 the regular lump-sum distribution that is paid on the basis of the recipient's service as  
33.34 a volunteer firefighter. In no case may the amount of the supplemental benefit exceed

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

34.1 \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a  
34.2 deceased active or deferred volunteer firefighter in that capacity.

34.3 (b) Upon the payment by a relief association of a lump-sum survivor benefit or  
34.4 funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
34.5 deferred volunteer firefighter, the association may pay a supplemental survivor benefit  
34.6 to the survivor of the deceased active or deferred volunteer firefighter from the special  
34.7 fund of the relief association if its articles of incorporation or bylaws so provide. The  
34.8 amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral  
34.9 benefit, but not to exceed \$2,000.

34.10 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
34.11 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
34.12 firefighter benefit.

34.13 Sec. 42. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

34.14 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement  
34.15 of the amount of supplemental benefits paid under subdivision 2 during the preceding  
34.16 calendar year, the volunteer firefighters' relief association must apply to the commissioner  
34.17 of revenue by February 15. By March 15, the commissioner shall reimburse the relief  
34.18 association for the amount of the supplemental benefits paid by the relief association to  
34.19 qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

34.20 (b) The commissioner of revenue shall prescribe the form of and supporting  
34.21 information that must be supplied as part of the application for state reimbursement.  
34.22 The commissioner of revenue shall reimburse the relief association by paying the  
34.23 reimbursement amount to the treasurer of the municipality where the association is located.  
34.24 Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement  
34.25 to the treasurer of the association if the association has filed a financial report with the  
34.26 municipality. If the relief association has not filed a financial report with the municipality,  
34.27 the municipal treasurer shall delay transmission of the reimbursement payment to the  
34.28 association until the complete financial report is filed. If the association has dissolved or  
34.29 has been removed as a trustee of state aid, the treasurer shall deposit the money in a  
34.30 special account in the municipal treasury, and the money may be disbursed only for the  
34.31 purposes and in the manner provided in section 424A.08. When paid to the association,  
34.32 the reimbursement payment must be deposited in the special fund of the relief association.

34.33 (c) A sum sufficient to make the payments is appropriated from the general fund  
34.34 to the commissioner of revenue.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

35.1 Sec. 43. Minnesota Statutes 2008, section 424A.10, subdivision 4, is amended to read:

35.2 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided  
35.3 by this section is in lieu of the state income tax exclusion for lump-sum distributions of  
35.4 retirement benefits paid to volunteer firefighters.

35.5 (b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum  
35.6 distributions from state income taxation, the supplemental benefits under this section  
35.7 ~~may~~ are no longer be paid payable, beginning with the first calendar year in which the  
35.8 exclusion or exemption is effective. This subdivision does not apply to exemption of all or  
35.9 part of a lump-sum distribution under section 290.032 or 290.0802.

35.10 Sec. 44. Minnesota Statutes 2008, section 424A.10, subdivision 5, is amended to read:

35.11 Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental  
35.12 survivor or funeral benefit may be paid by a relief association for the death of an active  
35.13 volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August  
35.14 1, 2005, if the relief association articles of incorporation or bylaws ~~so~~ provide for a  
35.15 supplemental survivor benefit and provide for retroactivity.

35.16 Sec. 45. Minnesota Statutes 2008, section 424B.10, is amended by adding a  
35.17 subdivision to read:

35.18 Subd. 1a. **Applicability.** This section applies when all of the volunteer firefighters'  
35.19 relief associations involved in the consolidation are defined benefit relief associations as  
35.20 defined in section 424A.001, subdivision 1b.

35.21 Sec. 46. Minnesota Statutes 2008, section 424B.10, is amended by adding a  
35.22 subdivision to read:

35.23 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation  
35.24 of two or more defined benefit relief associations must be a defined benefit relief  
35.25 association.

35.26 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,  
35.27 the initial service pension amount of the subsequent defined benefit relief association as  
35.28 of the effective date of consolidation is either the service pension amount specified in  
35.29 clause (1) or the service pension amounts specified in clause (2), as provided for in the  
35.30 consolidated relief association's articles of incorporation or bylaws:

35.31 (1) the highest dollar amount service pension amount of any prior volunteer  
35.32 firefighters relief association in effect immediately before the consolidation initiation if the  
35.33 pension amount was implemented consistent with section 424A.02; or

36.1 (2) for service rendered by each individual volunteer firefighter before consolidation,  
36.2 the service pension amount under the consolidating volunteer firefighters relief association  
36.3 that the firefighter belonged to immediately before the consolidation if the pension amount  
36.4 was implemented consistent with section 424A.02 and for service rendered after the  
36.5 effective date of the consolidation, the highest dollar amount service pension of any of the  
36.6 consolidating volunteer firefighters relief associations in effect immediately before the  
36.7 consolidation if the pension amount was implemented consistent with section 424A.02.

36.8 (c) Any increase in the service pension amount beyond the amount implemented  
36.9 under paragraph (a) must conform with the requirements and limitations of sections  
36.10 69.771 to 69.775 and section 424A.02.

36.11 Sec. 47. Minnesota Statutes 2008, section 424B.10, subdivision 2, is amended to read:

36.12 Subd. 2. **Funding.** (a) Unless the applicable municipalities agree in writing to  
36.13 allocate the minimum municipal obligation in a different manner, the minimum municipal  
36.14 obligation under section 69.772 or 69.773, whichever applies, must be allocated between  
36.15 the applicable municipalities in proportion to their fire state aid.

36.16 (b) If any applicable municipality fails to meet its portion of the minimum municipal  
36.17 obligation to the subsequent relief association, all other applicable municipalities are  
36.18 jointly obligated to provide the required funding upon certification by the relief association  
36.19 secretary. An applicable municipality that pays the minimum municipal obligation  
36.20 amount for another applicable municipality, the municipality may collect ~~the~~ that payment  
36.21 amount, plus a 25 percent surcharge, from the responsible applicable municipality by any  
36.22 available means, including a deduction from any state aid or payment amount payable  
36.23 to the responsible municipality upon certification of the necessary information to the  
36.24 commissioner of finance.

36.25 Sec. 48. **[424B.11] CONSOLIDATING DEFINED CONTRIBUTION RELIEF**  
36.26 **ASSOCIATIONS; INDIVIDUAL ACCOUNTS; FUNDING.**

36.27 Subdivision 1. **Applicability.** This section applies when all of the volunteer  
36.28 firefighters' relief associations involved in the consolidation are defined contribution relief  
36.29 associations as defined in section 424A.001, subdivision 1c.

36.30 Subd. 2. **Individual accounts.** The successor relief association following the  
36.31 consolidation of two or more defined contribution relief associations must be a defined  
36.32 contribution relief association and the successor relief association board shall establish  
36.33 individual accounts for every active member, deferred member, or retired member  
36.34 receiving installment payments with that status as of the consolidation date. To each

37.1 individual account the successor relief association must credit the amount to the credit  
37.2 of each person by a predecessor relief association as of the date of consolidation plus a  
37.3 proportional share, based on account value, of any subsequent net revenue during the  
37.4 consolidation process.

37.5 Subd. 3. **Funding.** Unless the articles of incorporation or bylaws of the successor  
37.6 relief association specify that municipal contributions are wholly voluntary or unless the  
37.7 municipalities associated with the consolidating defined contribution relief associations  
37.8 agree in writing to a different municipal support arrangement, each municipality must  
37.9 continue to provide the same amount of municipal support to the successor relief  
37.10 association as the municipality provided to the applicable predecessor relief association in  
37.11 the calendar year immediately prior to the calendar year in which the consolidation occurs.

37.12 Sec. 49. **[424B.12] MIXED CONSOLIDATING RELIEF ASSOCIATIONS;**  
37.13 **BENEFIT PLAN; FUNDING.**

37.14 Subdivision 1. **Applicability.** This section applies where one or more of the  
37.15 volunteer firefighters' relief associations involved in the consolidation are defined benefit  
37.16 relief associations as defined in section 424A.001, subdivision 1b, and one or more of  
37.17 the volunteer firefighters' relief associations involved in the consolidation are defined  
37.18 contribution relief associations as defined in section 424A.001, subdivision 1c.

37.19 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor  
37.20 relief association must specify whether the relief association is a defined benefit relief  
37.21 association or whether the relief association is a defined contribution relief association. If  
37.22 the successor relief association is a defined benefit relief association, the relief association  
37.23 benefits must comply with sections 424A.02 and 424B.11, subdivision 1a. If the successor  
37.24 relief association is a defined contribution relief association, the relief association must  
37.25 comply with sections 424A.016 and 424B.12, subdivision 2.

37.26 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
37.27 association, the relief association funding is governed by section 424B.11, subdivision 2.  
37.28 If the successor relief association is a defined contribution relief association, the relief  
37.29 association funding is governed by section 424B.12, subdivision 3.

37.30 Sec. 50. **REPEALER.**

37.31 Subdivision 1. **Repealed for recodification.** Minnesota Statutes 2008, sections  
37.32 424A.001, subdivision 7; 424A.02, subdivisions 4, 6, 8a, and 8b; and 424B.10, subdivision  
37.33 1, are repealed.

38.1 Subd. 2. **Repealed as obsolete.** Minnesota Statutes 2008, section 424A.09, is  
38.2 repealed.

38.3 Sec. 51. **EFFECTIVE DATE.**

38.4 (a) Except as specified in paragraphs (b) and (c), sections 1 to 21, 23 to 31, and 36  
38.5 to 50 are effective July 1, 2009.

38.6 (b) The reduction in the number of deferred service pension interest options  
38.7 contained in section 22 is effective January 1, 2010.

38.8 (c) Sections 32 to 35 are effective retroactively from July 1, 2008.

38.9 **ARTICLE 2**

38.10 **CONFORMING CHANGES**

38.11 Section 1. Minnesota Statutes 2008, section 69.771, subdivision 3, is amended to read:

38.12 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
38.13 there exists a firefighters' relief association as specified in subdivision 1 which does not  
38.14 comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of  
38.15 any applicable special law relating to the funding or financing of the association does  
38.16 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid  
38.17 under sections 69.011 to 69.051 until the reason for the disqualification specified by the  
38.18 state auditor is remedied, whereupon the municipality or relief association, if otherwise  
38.19 qualified, is entitled to again receive fire state aid for the year occurring immediately  
38.20 subsequent to the year in which the disqualification is remedied.

38.21 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
38.22 association is directly associated or a firefighters' relief association fails to comply with  
38.23 the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any  
38.24 applicable special law based upon the information contained in the annual financial report  
38.25 of the firefighters' relief association required under section 69.051, the actuarial valuation  
38.26 of the relief association, if applicable, the relief association officers' financial requirements  
38.27 of the relief association and minimum municipal obligation determination documentation  
38.28 under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774,  
38.29 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or  
38.30 nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and  
38.31 any other relevant documents or reports obtained by the state auditor.

38.32 (c) The municipality or nonprofit firefighting corporation and the associated relief  
38.33 association are not eligible to receive or to retain fire state aid if:

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

39.1 (1) the relief association fails to prepare or to file the financial report or financial  
39.2 statement under section 69.051;

39.3 (2) the relief association treasurer is not bonded in the manner and in the amount  
39.4 required by section 69.051, subdivision 2;

39.5 (3) the relief association officers fail to determine or improperly determine the  
39.6 accrued liability and the annual accruing liability of the relief association under section  
39.7 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

39.8 (4) if applicable, the relief association officers fail to obtain and file a required  
39.9 actuarial valuation or the officers file an actuarial valuation that does not contain the  
39.10 special fund actuarial liability calculated under the entry age normal actuarial cost  
39.11 method, the special fund current assets, the special fund unfunded actuarial accrued  
39.12 liability, the special fund normal cost under the entry age normal actuarial cost method,  
39.13 the amortization requirement for the special fund unfunded actuarial accrued liability  
39.14 by the applicable target date, a summary of the applicable benefit plan, a summary of  
39.15 the membership of the relief association, a summary of the actuarial assumptions used  
39.16 in preparing the valuation, and a signed statement by the actuary attesting to its results  
39.17 and certifying to the qualifications of the actuary as an approved actuary under section  
39.18 356.215, subdivision 1, paragraph (c);

39.19 (5) the municipality failed to provide a municipal contribution, or the nonprofit  
39.20 firefighting corporation failed to provide a corporate contribution, in the amount equal  
39.21 to the minimum municipal obligation if the relief association is governed under section  
39.22 69.772, or the amount necessary, when added to the fire state aid actually received  
39.23 in the plan year in question, to at least equal in total the calculated annual financial  
39.24 requirements of the special fund of the relief association if the relief association is  
39.25 governed under section 69.773, and, if the municipal or corporate contribution is deficient,  
39.26 the municipality failed to include the minimum municipal obligation certified under  
39.27 section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the  
39.28 nonprofit firefighting corporation failed to include the minimum corporate obligation  
39.29 certified under section 69.774, subdivision 2, in the corporate budget;

39.30 (6) the defined benefit relief association did not receive municipal ratification for  
39.31 the most recent plan amendment when municipal ratification was required under section  
39.32 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

39.33 (7) the relief association invested special fund assets in an investment security  
39.34 that is not authorized under section 69.775;

40.1 (8) the relief association had an administrative expense that is not authorized under  
40.2 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that  
40.3 is not authorized under section 424A.08;

40.4 (9) the relief association officers fail to provide a complete and accurate public  
40.5 pension plan investment portfolio and performance disclosure under section 356.219;

40.6 (10) the relief association fails to obtain the acknowledgment from a broker of the  
40.7 statement of investment restrictions under section 356A.06, subdivision 8b;

40.8 (11) the relief association officers permitted to occur a prohibited transaction under  
40.9 section 356A.06, subdivision 9, or ~~424A.001~~ 424A.04, subdivision 7 2a, or failed to  
40.10 undertake correction of a prohibited transaction that did occur; or

40.11 (12) the relief association pays a defined benefit service pension in an amount  
40.12 that is in excess of the applicable service pension maximum under section 424A.02,  
40.13 subdivision 3.

40.14 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also  
40.15 enacted.

40.16 Sec. 2. Minnesota Statutes 2008, section 424B.21, is amended to read:

40.17 **424B.21 ANNUITY PURCHASES UPON DISSOLUTION.**

40.18 The board of trustees of a volunteer firefighters relief association that is scheduled  
40.19 for dissolution may purchase annuity contracts under section ~~424A.02~~ 424A.015,  
40.20 subdivision ~~8a~~ 3, instead of transferring special fund assets to a municipal trust fund  
40.21 under section 424B.20, subdivision 4. Payment of an annuity for which a contract is  
40.22 purchased may not commence before the retirement age specified in the relief association  
40.23 bylaws and in compliance with section 424A.016, subdivision 2, or 424A.02, subdivision  
40.24 1. Legal title to the annuity contract transfers to the municipal trust fund under section  
40.25 424B.20, subdivision 4.

40.26 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also  
40.27 enacted.

40.28 **ARTICLE 3**

40.29 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION**

40.30 **GENERAL CHANGES**

40.31 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

40.32 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days  
40.33 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

41.1 relief association if there is one organized and the association has filed a financial report  
41.2 with the municipality. If the relief association has not filed a financial report with the  
41.3 municipality, the municipal treasurer shall delay transmission of the fire state aid to the  
41.4 relief association until the complete financial report is filed. If there is no relief association  
41.5 organized, or if the association has dissolved, or has been removed as trustees of state aid,  
41.6 then the treasurer of the municipality shall deposit the money in the municipal treasury  
41.7 ~~as provided for in section 424A.08~~ and the money may be disbursed only for the purposes  
41.8 and in the manner set forth in ~~that~~ section 424A.08 or for the payment of the employer  
41.9 contribution requirement with respect to firefighters covered by the public employees  
41.10 police and fire retirement plan under section 353.65, subdivision 3.

41.11 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
41.12 police state aid in the following manner:

41.13 (1) For a municipality in which a local police relief association exists and all peace  
41.14 officers are members of the association, the total state aid must be transmitted to the  
41.15 treasurer of the relief association within 30 days of the date of receipt, and the treasurer  
41.16 of the relief association shall immediately deposit the total state aid in the special fund  
41.17 of the relief association;

41.18 (2) For a municipality in which police retirement coverage is provided by the public  
41.19 employees police and fire fund and all peace officers are members of the fund, including  
41.20 municipalities covered by section 353.665, the total state aid must be applied toward the  
41.21 municipality's employer contribution to the public employees police and fire fund under  
41.22 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

41.23 (3) For a municipality other than a city of the first class with a population of more  
41.24 than 300,000 in which both a police relief association exists and police retirement  
41.25 coverage is provided in part by the public employees police and fire fund, the municipality  
41.26 may elect at its option to transmit the total state aid to the treasurer of the relief association  
41.27 as provided in clause (1), to use the total state aid to apply toward the municipality's  
41.28 employer contribution to the public employees police and fire fund subject to all the  
41.29 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
41.30 transmitted to the police relief association as provided in this subdivision and to apply  
41.31 toward the municipality's employer contribution to the public employees police and fire  
41.32 fund subject to the provisions of clause (2) on the basis of the respective number of active  
41.33 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

41.34 For a city of the first class with a population of more than 300,000, in addition, the  
41.35 city may elect to allot the appropriate portion of the total police state aid to apply toward  
41.36 the employer contribution of the city to the public employees police and fire fund based

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

42.1 on the covered salary of police officers covered by the fund each payroll period and to  
42.2 transmit the balance to the police relief association; or

42.3 (4) For a municipality in which police retirement coverage is provided in part by  
42.4 the public employees police and fire fund and in part by a local police consolidation  
42.5 account governed by chapter 353A and established before March 2, 1999, for which the  
42.6 municipality declined merger under section 353.665, subdivision 1, or established after  
42.7 March 1, 1999, the total police state aid must be applied towards the municipality's total  
42.8 employer contribution to the public employees police and fire fund and to the local police  
42.9 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

42.10 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
42.11 apply the total state aid toward the county's employer contribution to the public employees  
42.12 police and fire fund under section 353.65, subdivision 3.

42.13 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
42.14 police state aid for the Metropolitan Airports Commission, shall apply the total police  
42.15 state aid first toward the commission's employer contribution for police officers to the  
42.16 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
42.17 there is any amount of police state aid remaining, shall apply that remainder toward the  
42.18 commission's employer contribution for police officers to the public employees police and  
42.19 fire plan under section 353.65, subdivision 3.

42.20 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
42.21 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
42.22 finance for transfer to the funds and accounts from which the salaries of peace officers  
42.23 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
42.24 shall certify to the commissioners of public safety, natural resources, and finance the  
42.25 amounts to be transferred from the appropriation for police state aid. The commissioners  
42.26 of public safety and natural resources shall certify to the commissioner of finance the  
42.27 amounts to be credited to each of the funds and accounts from which the peace officers  
42.28 employed by their respective departments are paid. Each commissioner must allocate the  
42.29 police state aid first for employer contributions for employees funded from the general  
42.30 fund and then for employer contributions for employees funded from other funds. For  
42.31 peace officers whose salaries are paid from the general fund, the amounts transferred from  
42.32 the appropriation for police state aid must be canceled to the general fund.

42.33 **EFFECTIVE DATE.** This section is effective July 1, 2009.

42.34 Sec. 2. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

43.1 Subd. 4. **Certification of financial requirements and minimum municipal**  
43.2 **obligation; levy.** (a) The officers of the relief association shall certify the financial  
43.3 requirements of the special fund of the relief association and the minimum obligation of  
43.4 the municipality with respect to the special fund of the relief association as determined  
43.5 under subdivision 3 to the governing body of the municipality on or before August 1 of  
43.6 each year. The financial requirements of the relief association and the minimum municipal  
43.7 obligation must be included in the financial report or financial statement under section  
43.8 69.051. The schedule forms related to the determination of the financial requirements  
43.9 must be filed with the state auditor by March 31, annually, if the relief association is  
43.10 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,  
43.11 annually, if the relief association is required to file a financial report and audit under  
43.12 section 69.051, subdivision 1.

43.13 (b) The municipality shall provide for at least the minimum obligation of the  
43.14 municipality with respect to the special fund of the relief association by tax levy or from  
43.15 any other source of public revenue.

43.16 (c) The municipality may levy taxes for the payment of the minimum municipal  
43.17 obligation without any limitation as to rate or amount and irrespective of any limitations  
43.18 imposed by other provisions of law upon the rate or amount of taxation until the balance  
43.19 of the special fund or any fund of the relief association has attained a specified level. In  
43.20 addition, any taxes levied under this section must not cause the amount or rate of any other  
43.21 taxes levied in that year or to be levied in a subsequent year by the municipality which are  
43.22 subject to a limitation as to rate or amount to be reduced.

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

43.27 (e) If the state auditor determines that a municipal contribution actually made in a  
43.28 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),  
43.29 the state auditor may request a copy of the certifications under this subdivision from the  
43.30 relief association or from the city. The relief association or the city, whichever applies,  
43.31 must provide the certifications within 14 days of the date of the request from the state  
43.32 auditor.

43.33 **EFFECTIVE DATE.** This section is effective July 1, 2009.

43.34 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

44.1 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
44.2 relief association does not have a surplus over full funding pursuant to subdivision 3,  
44.3 clause (2), subclause (e), or if the municipality is required to provide financial support  
44.4 to the special fund of the relief association pursuant to this section, the adoption of  
44.5 or any amendment to the articles of incorporation or bylaws of a relief association  
44.6 which increases or otherwise affects the retirement coverage provided by or the service  
44.7 pensions or retirement benefits payable from the special fund of any relief association  
44.8 to which this section applies shall not be effective until it is ratified by the governing  
44.9 body of the municipality in which the relief association is located and the officers of a  
44.10 relief association shall not seek municipal ratification prior to preparing and certifying  
44.11 an estimate of the expected increase in the accrued liability and annual accruing liability  
44.12 of the relief association attributable to the amendment. If the special fund of the relief  
44.13 association has a surplus over full funding pursuant to subdivision 3, clause (2), subclause  
44.14 (e), and if the municipality is not required to provide financial support to the special fund  
44.15 of the relief association pursuant to this section, the relief association may adopt or amend  
44.16 its articles of incorporation or bylaws which increase or otherwise affect the retirement  
44.17 coverage provided by or the service pensions or retirement benefits payable from the  
44.18 special fund of the relief association which shall be effective without municipal ratification  
44.19 so long as this does not cause the amount of the resulting increase in the accrued liability  
44.20 of the special fund of the relief association to exceed 90 percent of the amount of the  
44.21 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the  
44.22 financial requirements of the special fund of the relief association exceeding the expected  
44.23 amount of the future fire state aid to be received by the relief association as determined  
44.24 by the board of trustees following the preparation of an estimate of the expected increase  
44.25 in the accrued liability and annual accruing liability of the relief association attributable  
44.26 to the change. If a relief association adopts or amends its articles of incorporation or  
44.27 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to  
44.28 the amendment or adoption, the financial requirements of the special fund of the relief  
44.29 association pursuant to this section are such so as to require financial support from the  
44.30 municipality, the provision which was implemented without municipal ratification shall no  
44.31 longer be effective without municipal ratification and any service pensions or retirement  
44.32 benefits payable after that date shall be paid only in accordance with the articles of  
44.33 incorporation or bylaws as amended or adopted with municipal ratification.

44.34 **EFFECTIVE DATE.** This section is effective July 1, 2009.

44.35 Sec. 4. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

45.1           Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
45.2 relief association does not have a surplus over full funding pursuant to subdivision 4, or if  
45.3 the municipality is required to provide financial support to the special fund of the relief  
45.4 association pursuant to this section, the adoption of or any amendment to the articles of  
45.5 incorporation or bylaws of a relief association which increases or otherwise affects the  
45.6 retirement coverage provided by or the service pensions or retirement benefits payable  
45.7 from the special fund of any relief association to which this section applies shall not  
45.8 be effective until it is ratified by the governing body of the municipality in which the  
45.9 relief association is located. If the special fund of the relief association has a surplus over  
45.10 full funding pursuant to subdivision 4, and if the municipality is not required to provide  
45.11 financial support to the special fund of the relief association pursuant to this section,  
45.12 the relief association may adopt or amend its articles of incorporation or bylaws which  
45.13 increase or otherwise affect the retirement coverage provided by or the service pensions or  
45.14 retirement benefits payable from the special fund of the relief association which shall be  
45.15 effective without municipal ratification so long as this does not cause the amount of the  
45.16 resulting increase in the accrued liability of the special fund of the relief association to  
45.17 exceed 90 percent of the amount of the prior surplus over full funding reported in the prior  
45.18 year and this does not result in the financial requirements of the special fund of the relief  
45.19 association exceeding the expected amount of the future fire state aid to be received by the  
45.20 relief association as determined by the board of trustees following the preparation of an  
45.21 updated actuarial valuation including the proposed change or an estimate of the expected  
45.22 actuarial impact of the proposed change prepared by the actuary of the relief association.  
45.23 If a relief association adopts or amends its articles of incorporation or bylaws without  
45.24 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or  
45.25 adoption, the financial requirements of the special fund of the relief association pursuant to  
45.26 this section are such so as to require financial support from the municipality, the provision  
45.27 which was implemented without municipal ratification shall no longer be effective without  
45.28 municipal ratification and any service pensions or retirement benefits payable after that  
45.29 date shall be paid only in accordance with the articles of incorporation or bylaws as  
45.30 amended or adopted with municipal ratification.

45.31           **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.32           Sec. 5. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

45.33           Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include  
45.34 a written statement of the investment policy. Following that initial report, subsequent  
45.35 reports must include investment policy changes and the effective date of each policy

46.1 change rather than a complete statement of investment policy, unless the state auditor  
46.2 requests submission of a complete current statement. The report must also include the  
46.3 information required by the following paragraphs, as applicable.

46.4 (b) If, after four years of reporting under this paragraph, the total portfolio time  
46.5 weighted rate of return, net of all investment related costs and fees, provided by the public  
46.6 pension plan differs by no more than 0.1 percent from the comparable return for the plan  
46.7 calculated by the Office of the State Auditor, and if a public pension plan has a total  
46.8 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the  
46.9 public pension plan's annual audit is performed by the state auditor or by the legislative  
46.10 auditor, the report required by subdivision 1 must include the market value of the total  
46.11 portfolio and the market value of each asset class included in the pension fund as of the  
46.12 beginning of the calendar year and as of the end of the calendar year. At the discretion of  
46.13 the state auditor, the public pension plan may be required to submit the market value of the  
46.14 total portfolio and the market value of each investment account, investment portfolio, or  
46.15 asset class included in the pension fund for each month, and the amount and date of each  
46.16 injection and withdrawal to the total portfolio and to each investment account, investment  
46.17 portfolio, or asset class. If the market value of a public pension plan's fund drops below  
46.18 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any  
46.19 subsequent year in which the public pension plan is not fully invested as specified in  
46.20 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not  
46.21 performed by the state auditor or legislative auditor, paragraph (c) applies.

46.22 (c) If paragraph (b) would apply if the annual audit were provided by the state  
46.23 auditor or legislative auditor, the report required by subdivision 1 must include the market  
46.24 value of the total portfolio and the market value of each asset class included in the pension  
46.25 fund as of the beginning of the calendar year and for each month, and the amount and date  
46.26 of each injection and withdrawal to the total portfolio and to each investment account,  
46.27 investment portfolio, or asset class.

46.28 (d) For public pension plans to which paragraph (b) or (c) applies, the report required  
46.29 by subdivision 1 must also include a calculation of the total time-weighted rate of return  
46.30 available from index-matching investments assuming the asset class performance targets  
46.31 and target asset mix indicated in the written statement of investment policy. The provided  
46.32 information must include a description of indices used in the analyses and an explanation  
46.33 of why those indices are appropriate. This paragraph does not apply to any fully invested  
46.34 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of  
46.35 Investment under this paragraph is limited to information on the Minnesota public pension  
46.36 plans required to be invested by the State Board of Investment under section 11A.23.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

47.1 (e) If a public pension plan has a total market value of less than \$25,000,000 as of  
47.2 the beginning of the calendar year and was never required to file under paragraph (b) or  
47.3 (c), the report required by subdivision 1 must include the amount and date of each total  
47.4 portfolio injection and withdrawal. In addition, the report must include the market value  
47.5 of the total portfolio as of the beginning of the calendar year and for each quarter.

47.6 (f) Any public pension plan reporting under paragraph (b) or (c) must include  
47.7 computed time-weighted rates of return with the report, in addition to all other required  
47.8 information, as applicable. The chief administrative officer of the public pension plan  
47.9 submitting the returns must certify, on a form prescribed by the state auditor, that the  
47.10 returns have been computed by the pension plan's investment performance consultant or  
47.11 custodial bank. The chief administrative officer of the public pension plan submitting the  
47.12 returns also must certify that the returns are net of all costs and fees, including investment  
47.13 management fees, and that the procedures used to compute the returns are consistent  
47.14 with Bank Administration Institute studies of investment performance measurement  
47.15 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the  
47.16 certifications required under this paragraph are not provided, the reporting requirements of  
47.17 paragraph (c) apply.

47.18 (g) For public pension plans reporting under paragraph (e), the public pension plan  
47.19 must retain supporting information specifying the date and amount of each injection and  
47.20 withdrawal to each investment account and investment portfolio. The public pension plan  
47.21 must also retain the market value of each investment account and investment portfolio at  
47.22 the beginning of the calendar year and for each quarter. Information that is required to be  
47.23 collected and retained for any given year or years under this paragraph must be submitted  
47.24 to the Office of the State Auditor if the Office of the State Auditor requests in writing that  
47.25 the information be submitted by a public pension plan or plans, or be submitted by the  
47.26 State Board of Investment for any plan or plans for which the State Board of Investment is  
47.27 the investment authority under this section. If the state auditor requests information under  
47.28 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties  
47.29 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

47.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

47.31 Sec. 6. Minnesota Statutes 2008, section 424A.01, subdivision 1, is amended to read:

47.32 Subdivision 1. **Minors.** (a) It is unlawful for any municipality or independent  
47.33 nonprofit firefighting corporation to employ a minor as a volunteer firefighter or to permit  
47.34 a minor to serve in any capacity performing any firefighting duties with a ~~volunteer~~ fire  
47.35 department, except for members of a youth, civic, or educational organization or program

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

48.1 who participate with uninterrupted adult supervision, as allowed by federal law and by  
48.2 section 181A.04. Such organizations or programs include, but are not limited to, Boy  
48.3 Scout Explorer programs or firefighting degree programs.

48.4 (b) No volunteer firefighters' relief association associated with a municipality or an  
48.5 independent nonprofit firefighting corporation may include as a relief association member  
48.6 a minor serving as a volunteer firefighter.

48.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

48.8 Sec. 7. Minnesota Statutes 2008, section 424A.01, is amended by adding a subdivision  
48.9 to read:

48.10 Subd. 6. **Return to active firefighting after break in service.** (a) If a former active  
48.11 firefighter who has separated from active service for at least 60 days resumes performing  
48.12 active firefighting with the fire department associated with the relief association, if the  
48.13 bylaws of the relief association so permit, the person may again become an active member  
48.14 of the relief association.

48.15 (b) A firefighter who returns to active relief association membership under paragraph  
48.16 (a) may qualify for the receipt of a service pension from the relief association for the  
48.17 resumption service period if the firefighter meets a minimum period of resumption service  
48.18 specified in the relief association bylaws.

48.19 (c) A firefighter who returns to active lump-sum relief association membership and  
48.20 who qualifies for a service pension under paragraph (b) must have, upon a subsequent  
48.21 cessation of duties, any service pension for the resumption service period calculated as  
48.22 a separate benefit. If a lump-sum service pension had been paid to the firefighter upon  
48.23 the firefighter's previous cessation of duties, a second lump-sum service pension for the  
48.24 resumption service period must be calculated to apply the service pension amount in effect  
48.25 on the date of the firefighter's termination of the resumption service for all years of the  
48.26 resumption service. No firefighter can be paid twice for the same period of service. If  
48.27 a lump-sum service pension had not been paid to the firefighter upon the firefighter's  
48.28 previous cessation of duties and the firefighter meets the minimum service requirement of  
48.29 section 424A.02, subdivision 2, a service pension shall be calculated to apply the service  
48.30 pension amount in effect on the date of the firefighter's termination of the resumption  
48.31 service for all years of service credit.

48.32 (d) A firefighter who had not been paid a lump-sum service pension returns to active  
48.33 relief association membership under paragraph (a), who does not qualify for a service  
48.34 pension under paragraph (b), but who does meet the minimum service requirement of  
48.35 section 424A.02, subdivision 2, based on the firefighter's previous years of active service,



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

49.1 must have, upon a subsequent cessation of duties, a service pension calculated for the  
49.2 previous years of service based on the service pension amount in effect on the date of the  
49.3 firefighter's termination of the resumption service, or, if the bylaws so provide, based on the  
49.4 service pension amount in effect on the date of the firefighter's previous cessation of duties.

49.5 (e) If a firefighter receiving a monthly benefit service pension returns to active  
49.6 monthly benefit relief association membership under paragraph (a), any monthly benefit  
49.7 service pension payable to the firefighter is suspended as of the first day of the month next  
49.8 following the date on which the firefighter returns to active membership. If the firefighter  
49.9 was receiving a monthly benefit service pension, and qualifies for a service pension under  
49.10 paragraph (b), the firefighter is entitled to an additional monthly benefit service pension  
49.11 upon a subsequent cessation of duties calculated based on the resumption service credit  
49.12 and the service pension accrual amount in effect on the date of the termination of the  
49.13 resumption service. The suspended initial service pension resumes as of the first of  
49.14 the month next following the termination of the resumption service. If the firefighter  
49.15 was not receiving a monthly benefit service pension and meets the minimum service  
49.16 requirement of section 424A.02, subdivision 2, a service pension must be calculated to  
49.17 apply the service pension amount in effect on the date of the firefighter's termination of the  
49.18 resumption service for all years of service credit.

49.19 (f) A firefighter who was not receiving a monthly benefit service pension returns  
49.20 to active relief association membership under paragraph (a), who does not qualify for a  
49.21 service pension under paragraph (b), but who does meet the minimum service requirement  
49.22 of section 424A.02, subdivision 2, based on the firefighter's previous years of active  
49.23 service, must have, upon a subsequent cessation of duties, a service pension calculated for  
49.24 the previous years of service based on the service pension amount in effect on the date  
49.25 of the firefighter's termination of the resumption service, or, if the bylaws so provide,  
49.26 based on the service pension amount in effect on the date of the firefighter's previous  
49.27 cessation of duties.

49.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

49.29 Sec. 8. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

49.30 Subdivision 1. **Authorization.** (a) A relief association, when its articles of  
49.31 incorporation or bylaws so provide, may pay out of the assets of its special fund a  
49.32 service pension to each of its members who: (1) separates from active service with the  
49.33 fire department; (2) reaches age 50; (3) completes at least five years of active service  
49.34 as an active member of the municipal fire department to which the relief association  
49.35 is associated; (4) completes at least five years of active membership with the relief

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

50.1 association before separation from active service; and (5) complies with any additional  
50.2 conditions as to age, service, and membership that are prescribed by the bylaws of the  
50.3 relief association. A service pension computed under this section may be prorated  
50.4 monthly for fractional years of service, ~~if~~ as the bylaws or articles of incorporation of  
50.5 the relief association so provide. The bylaws or articles of incorporation may define a  
50.6 "month," but the definition must require a calendar month to have at least 16 days of active  
50.7 service. If the bylaws or articles of incorporation do not define a "month," a "month" is a  
50.8 completed calendar month of active service measured from the member's date of entry  
50.9 to the same date in the subsequent month. The service pension may be paid whether or  
50.10 not the municipality or nonprofit firefighting corporation to which the relief association  
50.11 is associated qualifies for fire state aid under chapter 69.

50.12 (b) In the case of a member who has completed at least five years of active service as  
50.13 an active member of the fire department to which the relief association is associated on  
50.14 the date that the relief association is established and incorporated, the requirement that  
50.15 the member complete at least five years of active membership with the relief association  
50.16 before separation from active service may be waived by the board of trustees of the relief  
50.17 association if the member completes at least five years of inactive membership with the  
50.18 relief association before the payment of the service pension. During the period of inactive  
50.19 membership, the member is not entitled to receive disability benefit coverage, is not  
50.20 entitled to receive additional service credit towards computation of a service pension, and  
50.21 is considered to have the status of a person entitled to a deferred service pension under  
50.22 subdivision 7.

50.23 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
50.24 take final action in setting a service pension or ancillary benefit amount or level to the  
50.25 board of trustees of the relief association or to approve in advance a service pension or  
50.26 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
50.27 would allow rather than a specific dollar amount or level.

50.28 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
50.29 service pension or disability benefit to a former member of the relief association if that  
50.30 person has not separated from active service with the fire department to which the relief  
50.31 association is directly associated, unless:

50.32 (1) the person is employed subsequent to retirement by the municipality or the  
50.33 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
50.34 the municipal fire department or corporation on a full-time basis;

50.35 (2) the governing body of the municipality or of the corporation has filed its  
50.36 determination with the board of trustees of the relief association that the person's

51.1 experience with and service to the fire department in that person's full-time capacity  
51.2 would be difficult to replace; and

51.3 (3) the bylaws of the relief association were amended to provide for the payment of  
51.4 a service pension or disability benefit for such full-time employees.

51.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

51.6 Sec. 9. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

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

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

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

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

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

51.28 (d) The determination of the state auditor that a relief association has paid a service  
51.29 pension greater than the applicable maximum must be made on the basis of the information  
51.30 filed by the relief association and the municipality with the state auditor under sections  
51.31 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
51.32 relevant information that comes to the attention of the state auditor. The determination  
51.33 of the state auditor is final. An aggrieved municipality, relief association, or person may  
51.34 appeal the determination under section 480A.06.

52.1 EFFECTIVE DATE. This section is effective July 1, 2009.

52.2 Sec. 10. Minnesota Statutes 2008, section 424A.02, subdivision 6, is amended to read:

52.3 Subd. 6. **Payment of service pensions; nonassignability.** The method of  
52.4 calculating service pensions shall be applied uniformly for all years of active service ~~and~~  
52.5 Credit shall be given for all years of active service, except ~~as otherwise provided in this~~  
52.6 ~~section~~ for caps on service credit if so provided in the bylaws of the relief association. No  
52.7 service pension shall be paid to any person while the person remains an active member  
52.8 of the respective fire department, and no person who is receiving a service pension shall  
52.9 be entitled to receive any other benefits from the special fund of the relief association.  
52.10 No service pension or ancillary benefits paid or payable from the special fund of a relief  
52.11 association to any person receiving or entitled to receive a service pension or ancillary  
52.12 benefits shall be subject to garnishment, judgment, execution, or other legal process,  
52.13 except as provided in section 518.58, 518.581, or 518A.53. No person entitled to a service  
52.14 pension or ancillary benefits from the special fund of a relief association may assign any  
52.15 service pension or ancillary benefit payments, nor shall the association have the authority  
52.16 to recognize any assignment or pay over any sum which has been assigned.

52.17 EFFECTIVE DATE. This section is effective July 1, 2009.

52.18 Sec. 11. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

52.19 Subd. 8. **Lump-sum service pensions; installment payments.** (a) Any relief  
52.20 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~  
52.21 ~~member~~ intended recipient and in lieu of a single payment of a lump-sum service pension  
52.22 or survivor benefit, a lump-sum service pension or survivor benefit in installments.

52.23 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be  
52.24 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of  
52.25 the relief association no later than 30 days ~~prior to~~ before the commencement of payment  
52.26 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~  
52.27 must be determined ~~so that the present value of the aggregate installment payments~~  
52.28 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~  
52.29 ~~of the single lump-sum payment which would have been made had the installment~~  
52.30 ~~payments option not been elected. The payment of each installment shall include interest~~  
52.31 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~  
52.32 ~~installment payments as of the date on which the previous installment payment was paid~~  
52.33 ~~and computed from the date on which the previous installment payment was paid to the~~  
52.34 date of payment for the current installment payment in any reasonable manner provided

53.1 for in the governing bylaws, but the total amount of installment payments may not exceed  
53.2 the single payment service pension amount plus interest at an annual rate of five percent  
53.3 on the amount of delayed payments for the period during which payment was delayed.

53.4 ~~(e) To the extent that the commissioner of commerce deems it to be necessary or~~  
53.5 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
53.6 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

53.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

53.8 Sec. 12. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

53.9 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
53.10 relief association to which this section applies shall file a revised copy of its governing  
53.11 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
53.12 by the relief association or upon the approval of any amendment to its governing bylaws  
53.13 granted by the governing body of each municipality served by the fire department to  
53.14 which the relief association is directly associated. Failure of the relief association to file a  
53.15 copy of the bylaws or any bylaw amendments with the state auditor shall disqualify the  
53.16 municipality from the distribution of any future fire state aid until this filing requirement  
53.17 has been completed.

53.18 (b) If the special fund of the relief association does not have a surplus over full  
53.19 funding pursuant to section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,  
53.20 subdivision 4, and if the municipality is required to provide financial support to the special  
53.21 fund of the relief association pursuant to section 69.772 or 69.773, no bylaw amendment  
53.22 which would affect the amount of, the manner of payment of, or the conditions for  
53.23 qualification for service pensions or ancillary benefits or disbursements other than  
53.24 administrative expenses authorized pursuant to section 69.80 payable from the special  
53.25 fund of the relief association shall be effective until it has been ratified by the governing  
53.26 body or bodies of the appropriate municipalities. If the municipality is not required to  
53.27 provide financial support to the special fund pursuant to this section, the relief association  
53.28 may adopt or amend without municipal ratification its articles of incorporation or bylaws  
53.29 which increase or otherwise affect the service pensions or ancillary benefits payable from  
53.30 the special fund so long as the changes do not cause the amount of the resulting increase in  
53.31 the accrued liability of the special fund to exceed 90 percent of the amount of the ~~prior~~  
53.32 surplus over full funding reported in the prior year and the changes do not result in the  
53.33 financial requirements of the special fund exceeding the expected amount of the future fire  
53.34 state aid to be received by the relief association.

54.1 (c) If the relief association pays only a lump-sum pension, the financial requirements  
54.2 are to be determined by the board of trustees following the preparation of an estimate  
54.3 of the expected increase in the accrued liability and annual accruing liability of the  
54.4 relief association attributable to the change. If the relief association pays a monthly  
54.5 benefit service pension, the financial requirements are to be determined by the board of  
54.6 trustees following either an updated actuarial valuation including the proposed change  
54.7 or an estimate of the expected actuarial impact of the proposed change prepared by the  
54.8 actuary of the relief association. If a relief association adopts or amends its articles of  
54.9 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
54.10 subsequent to the amendment or adoption, the financial requirements of the special fund  
54.11 pursuant to this section are such so as to require financial support from the municipality,  
54.12 the provision which was implemented without municipal ratification shall no longer be  
54.13 effective without municipal ratification, and any service pensions or ancillary benefits  
54.14 payable after that date shall be paid only in accordance with the articles of incorporation  
54.15 or bylaws as amended or adopted with municipal ratification.

54.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

54.17 Sec. 13. Minnesota Statutes 2008, section 424A.04, subdivision 1, is amended to read:

54.18 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
54.19 a municipal fire department must be managed by a board of trustees consisting of nine  
54.20 members. Six trustees must be elected from the membership of the relief association and  
54.21 three trustees must be drawn from the officials of the municipalities served by the fire  
54.22 department to which the relief association is directly associated. The bylaws of a relief  
54.23 association which provides a monthly benefit service pension may provide that one of  
54.24 the six trustees elected from the relief association membership may be a retired member  
54.25 receiving a monthly pension who is elected by the membership of the relief association.  
54.26 The three municipal trustees must be one elected municipal official and one elected or  
54.27 appointed municipal official who are designated as municipal representatives by the  
54.28 municipal governing board annually and the chief of the municipal fire department.

54.29 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
54.30 corporation must be managed by a board of trustees consisting of nine members. Six  
54.31 trustees must be elected from the membership of the relief association, two trustees must  
54.32 be drawn from the officials of the municipalities served by the fire department to which  
54.33 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
54.34 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
54.35 association may provide that one of the six trustees elected from the relief association

55.1 membership may be a retired member receiving a monthly pension who is elected by the  
55.2 membership of the relief association. The two municipal trustees must be elected or  
55.3 appointed municipal officials, selected as follows:

55.4 (1) if only one municipality contracts with the independent nonprofit firefighting  
55.5 corporation, the municipal trustees must be two officials of the contracting municipality  
55.6 who are designated annually by the governing body of the municipality; or

55.7 (2) if two or more municipalities contract with the independent nonprofit corporation,  
55.8 the municipal trustees must be one official from each of the two largest municipalities  
55.9 in population who are designated annually by the governing bodies of the applicable  
55.10 municipalities.

55.11 (c) The municipal trustees for a relief association that is directly associated with a  
55.12 fire department operated as or by a joint powers entity must be the fire chief of the fire  
55.13 department and two trustees designated annually by the joint powers board. The municipal  
55.14 trustees for a relief association that is directly associated with a fire department service  
55.15 area township must be the fire chief of the fire department and two trustees designated by  
55.16 the township board.

55.17 (d) If a relief association lacks the municipal board members provided for in  
55.18 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
55.19 organized municipality, joint powers entity, or township, the municipal board members  
55.20 must be the fire chief of the fire department and two board members appointed from the  
55.21 fire department service area by the board of commissioners of the applicable county.

55.22 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
55.23 person's successor is qualified, whichever is later.

55.24 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
55.25 and duties accorded to any other trustee, except the right to be an officer of the relief  
55.26 association board of trustees.

55.27 (g) A board must have at least three officers, who are a president, a secretary and a  
55.28 treasurer. These officers must be elected from among the elected trustees by either the full  
55.29 board of trustees or by the relief association membership, as specified in the bylaws. In  
55.30 no event may any trustee hold more than one officer position at any one time. The terms  
55.31 of the elected trustees and of the officers of the board must be specified in the bylaws of  
55.32 the relief association, but may not exceed three years. If the term of the elected trustees  
55.33 exceeds one year, the election of the various trustees elected from the membership must be  
55.34 staggered on as equal a basis as is practicable.

55.35 **EFFECTIVE DATE.** This section is effective July 1, 2009.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

56.1 Sec. 14. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

56.2 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
56.3 from the special fund are not permitted to be made for any purpose other than one of  
56.4 the following:

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

56.7 (2) for the payment of temporary or permanent disability benefits to disabled  
56.8 members of the relief association if authorized and paid pursuant to law and specified in  
56.9 amount in the bylaws governing the relief association;

56.10 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
56.11 or if none, to designated beneficiaries, of deceased members of the relief association,  
56.12 and if survivors and if no designated beneficiary, for the payment of a death benefit to  
56.13 the estate of the deceased active firefighter, if authorized by and paid pursuant to law and  
56.14 specified in amount in the bylaws governing the relief association;

56.15 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
56.16 Department Association; and to the Minnesota Area Relief Association Coalition, ~~and to~~  
56.17 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association  
56.18 members to membership in and the benefits of these associations or organizations; ~~and~~

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

56.23 ~~(5)~~ (6) for the payment of administrative expenses of the relief association as  
56.24 authorized under section 69.80.

56.25 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association  
56.26 or for a combination lump-sum and monthly benefit volunteer fire relief association where  
56.27 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
56.28 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of  
56.29 this chapter, for a defined contribution volunteer fire relief association, for a lump-sum  
56.30 volunteer fire relief association, or for a combination lump-sum and monthly benefit  
56.31 volunteer fire relief association where a lump-sum service pension has been elected by  
56.32 or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary  
56.33 may be a trust created under chapter 501B.

56.34 **EFFECTIVE DATE.** This section is effective July 1, 2009.



57.1 Sec. 15. Minnesota Statutes 2008, section 424A.08, is amended to read:

57.2 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
57.3 **AUTHORIZED DISBURSEMENTS.**

57.4 (a) Any qualified municipality which is entitled to receive fire state aid but which has  
57.5 no volunteer firefighters' relief association directly associated with its fire department and  
57.6 which has no full-time firefighters with retirement coverage by the public employees police  
57.7 and fire retirement plan shall deposit the fire state aid in a special account in the municipal  
57.8 treasury. Disbursement from the special account shall not be made for any purpose except:

57.9 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
57.10 Department Association and to the state Volunteer Firefighters' Benefit Association in  
57.11 order to entitle its firefighters to membership in and the benefits of these state associations;

57.12 (2) payment of the cost of purchasing and maintaining needed equipment for the  
57.13 fire department; and

57.14 (3) payment of the cost for construction, acquisition, repair and maintenance of  
57.15 buildings or other premises to house the fire department.

57.16 (b) A qualified municipality which is entitled to receive fire state aid, which has no  
57.17 volunteer firefighters' relief association directly associated with its fire department and  
57.18 which has full-time firefighters with retirement coverage by the public employees police  
57.19 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the  
57.20 payment of the employer contribution requirement with respect to firefighters covered by  
57.21 the public employees police and fire retirement plan under section 353.65, subdivision 3,  
57.22 or for a combination of the two types of disbursements.

57.23 **EFFECTIVE DATE.** This section is effective July 1, 2009.

57.24 Sec. 16. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

57.25 Subdivision 1. **Definitions.** For purposes of this section:

57.26 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
57.27 of pension or retirement benefits from a firefighters' relief association for service that the  
57.28 individual has performed as a volunteer firefighter;

57.29 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
57.30 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
57.31 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children  
57.32 of a deceased active or deferred volunteer firefighter;

57.33 (3) "active volunteer firefighter" means a person who regularly renders fire  
57.34 suppression service for a municipal fire department or an independent nonprofit firefighting

58.1 corporation, who has met the statutory and other requirements for relief association  
58.2 membership, and who ~~has been~~ is deemed by the relief association under law and its  
58.3 bylaws to be a fully qualified member of the relief association for at least one month; and

58.4 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
58.5 terminated active firefighting service, has sufficient service credit from the applicable relief  
58.6 association to be entitled to a service pension under the bylaws of the relief association,  
58.7 but has not applied for or has not received the service pension.

58.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

58.9 Sec. 17. **REPEALER.**

58.10 Minnesota Statutes 2008, section 424A.02, subdivision 9b, is repealed.

58.11 **EFFECTIVE DATE.** This section is effective July 1, 2009.

#### 58.12 **ARTICLE 4**

#### 58.13 **ACCOMMODATING CHANGES**

58.14 Section 1. **[420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**  
58.15 **FIREFIGHTERS.**

58.16 It is unlawful for any municipality or independent nonprofit firefighting corporation  
58.17 to employ a minor to serve as a firefighter or to permit a minor to serve in any capacity  
58.18 performing any firefighting duties with a fire department, except for members of a youth,  
58.19 civic, or educational organization or program who participate with uninterrupted adult  
58.20 supervision, as allowed by federal law and by section 181A.04. Such organizations or  
58.21 programs include, but are not limited to, Boy Scout Explorer programs or firefighting  
58.22 degree programs.

58.23 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section 1,  
58.24 and article 3, section 6, are enacted.

58.25 Sec. 2. Minnesota Statutes 2008, section 424A.01, subdivision 1, is amended to read:

58.26 Subdivision 1. **Minors.** ~~It is unlawful for any~~ (a) No volunteer firefighters' relief  
58.27 association associated with a municipality or an independent nonprofit firefighting  
58.28 corporation to employ may include as a relief association member a minor serving as  
58.29 a volunteer firefighter or to permit a minor to serve in any capacity performing any  
58.30 firefighting duties with a volunteer fire department, except for members of a youth,  
58.31 civic, or educational organization or program who participate with uninterrupted adult

59.1 supervision, as allowed by federal law and by section 181A.04. Such organizations or  
59.2 programs include, but are not limited to, Boy Scout Explorer programs or firefighting  
59.3 degree programs.

59.4 (b) No volunteer firefighters' relief association associated with a municipality or an  
59.5 independent nonprofit firefighting corporation may include as a relief association member  
59.6 a minor serving as a volunteer firefighter.

59.7 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
59.8 15, and article 3, section 6, are enacted.

59.9 Sec. 3. **[424A.016] DEFINED CONTRIBUTION VOLUNTEER**  
59.10 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

59.11 Subdivision 1. **Defined contribution relief association authorization.** If the  
59.12 articles of incorporation or the bylaws governing the volunteer firefighters' relief  
59.13 association so provide exclusively, the relief association may pay a defined contribution  
59.14 lump-sum service pension instead of a defined benefit service pension governed by section  
59.15 424A.02.

59.16 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
59.17 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
59.18 special fund a service pension to each of its members who:

59.19 (1) separates from active service with the fire department;

59.20 (2) reaches age 50;

59.21 (3) completes at least five years of active service as an active member of the  
59.22 municipal fire department to which the relief association is associated;

59.23 (4) completes at least five years of active membership with the relief association  
59.24 before separation from active service; and

59.25 (5) complies with any additional conditions as to age, service, and membership that  
59.26 are prescribed by the bylaws of the relief association.

59.27 (b) In the case of a member who has completed at least five years of active service as  
59.28 an active member of the fire department to which the relief association is associated on  
59.29 the date that the relief association is established and incorporated, the requirement that  
59.30 the member complete at least five years of active membership with the relief association  
59.31 before separation from active service may be waived by the board of trustees of the relief  
59.32 association if the member completes at least five years of inactive membership with the  
59.33 relief association before the date of the payment of the service pension. During the period  
59.34 of inactive membership, the member is not entitled to receive any disability benefit  
59.35 coverage, is not entitled to receive additional individual account allocation of fire state

60.1 aid or municipal contribution towards a service pension, and is considered to have the  
60.2 status of a person entitled to a deferred service pension.

60.3 (c) The service pension earned by a volunteer under this chapter and the articles  
60.4 of incorporation and bylaws of the relief association may be paid whether or not the  
60.5 municipality or nonprofit firefighting corporation to which the relief association is  
60.6 associated qualifies for the receipt of fire state aid under chapter 69.

60.7 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a  
60.8 defined contribution relief association so provide, a relief association may pay a reduced  
60.9 service pension not to exceed the nonforfeitable percentage of the account balance to a  
60.10 retiring member who has completed fewer than 20 years of service. The reduced service  
60.11 pension may be paid when the retiring member meets the minimum age and service  
60.12 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are  
60.13 as follows:

<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage of Pension Amount</u>
<u>5</u>	<u>40 percent</u>
<u>6</u>	<u>52 percent</u>
<u>7</u>	<u>64 percent</u>
<u>8</u>	<u>76 percent</u>
<u>9</u>	<u>88 percent</u>
<u>10 and thereafter</u>	<u>100 percent</u>

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

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

60.25 (1) any amounts of fire state aid received by the relief association;

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

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

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

60.34 (ii) any retired member who retired before obtaining a full nonforfeitable interest in  
60.35 the amounts credited to the individual member account under subdivision 2, paragraph  
60.36 (b), and any applicable provision of the bylaws of the relief association. In addition, any  
60.37 investment return on the assets of the special fund must be credited in proportion to the

61.1 share of the assets of the special fund to the credit of each individual active member  
61.2 account. Administrative expenses of the relief association payable from the special  
61.3 fund may be deducted from individual accounts in a manner specified in the bylaws of  
61.4 the relief association.

61.5 (c) Amounts to be credited to individual accounts must be allocated uniformly for all  
61.6 years of active service and allocations must be made for all years of service, except for  
61.7 caps on service credit if so provided in the bylaws of the relief association. The allocation  
61.8 method may utilize monthly proration for fractional years of service, as the bylaws or  
61.9 articles of incorporation of the relief association so provide. The bylaws or articles of  
61.10 incorporation may define a "month," but the definition must require a calendar month to  
61.11 have at least 16 days of active service. If the bylaws or articles of incorporation do not  
61.12 define a "month," a "month" is a completed calendar month of active service measured  
61.13 from the member's date of entry to the same date in the subsequent month.

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

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

61.23 Subd. 5. **Service pension installment payments.** A defined contribution relief  
61.24 association, if the governing bylaws so provide, may pay, at the option of the retiring  
61.25 member and in lieu of a single payment of a service pension, the service pension in  
61.26 installments. The election of installment payments is irrevocable and must be made by the  
61.27 retiring member in writing and filed with the secretary of the relief association no later  
61.28 than 30 days before the commencement of payment of the service pension. The amount of  
61.29 the installment payments must be the fractional portion of the remaining account balance  
61.30 equal to one divided by the number of remaining annual installment payments.

61.31 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
61.32 to a deferred service pension if the member:

61.33 (1) has completed the lesser of the minimum period of active service with the fire  
61.34 department specified in the bylaws or 20 years of active service with the fire department;

61.35 (2) has completed at least five years of active membership in the relief association;  
61.36 and

62.1 (3) separates from active service and membership before reaching age 50 or the  
62.2 minimum age for retirement and commencement of a service pension specified in the  
62.3 bylaws governing the relief association if that age is greater than age 50.

62.4 (b) The deferred service pension is payable when the former member reaches age  
62.5 50, or the minimum age specified in the bylaws governing the relief association if that age  
62.6 is greater than age 50, and when the former member makes a valid written application.

62.7 (c) A defined contribution relief association may, if its governing bylaws so provide,  
62.8 credit interest or additional investment performance on the deferred lump-sum service  
62.9 pension during the period of deferral. If provided for in the bylaws, the interest must be  
62.10 paid:

62.11 (1) at the investment performance rate actually earned on that portion of the assets  
62.12 if the deferred benefit amount is invested by the relief association in a separate account  
62.13 established and maintained by the relief association or if the deferred benefit amount is  
62.14 invested in a separate investment vehicle held by the relief association; or

62.15 (2) the investment return on the assets of the special fund of the defined contribution  
62.16 volunteer firefighter relief association in proportion to the share of the assets of the special  
62.17 fund to the credit of each individual deferred member account through the date on which  
62.18 the investment return is recognized by and credited to the special fund.

62.19 (d) The deferred service pension is governed by and must be calculated under  
62.20 the general statute, special law, relief association articles of incorporation, and relief  
62.21 association bylaw provisions applicable on the date on which the member separated from  
62.22 active service with the fire department and active membership in the relief association.

62.23 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief  
62.24 association may only pay an ancillary benefit which would constitute an authorized  
62.25 disbursement as specified in section 424A.05. The ancillary benefit for active members  
62.26 must equal the vested or nonvested amount of the individual account of the member.

62.27 (b) For deferred members, the ancillary benefit must equal the vested amount of  
62.28 the individual account of the member. For the recipient of installment payments of a  
62.29 service pension, the ancillary benefit must equal the remaining balance in the individual  
62.30 account of the recipient.

62.31 Subd. 8. **Filing of bylaw amendments.** Each relief association to which this section  
62.32 applies must file a revised copy of its governing bylaws with the state auditor upon the  
62.33 adoption of any amendment to its governing bylaws by the relief association. Failure of  
62.34 the relief association to file a copy of the bylaws or any bylaw amendments with the state  
62.35 auditor disqualifies the municipality from the distribution of any future fire state aid until  
62.36 this filing requirement has been completed.

63.1 EFFECTIVE DATE. This section is effective July 1, 2009, if article 1, section 17,  
63.2 and article 3, sections 8 and 10, are enacted.

63.3 Sec. 4. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

63.4 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
63.5 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund  
63.6 a service pension to each of its members who: (1) separates from active service with the  
63.7 fire department; (2) reaches age 50; (3) completes at least five years of active service  
63.8 as an active member of the municipal fire department to which the relief association  
63.9 is associated; (4) completes at least five years of active membership with the relief  
63.10 association before separation from active service; and (5) complies with any additional  
63.11 conditions as to age, service, and membership that are prescribed by the bylaws of the  
63.12 relief association. A service pension computed under this section may be prorated monthly  
63.13 for fractional years of service, ~~if~~ as the bylaws or articles of incorporation of the relief  
63.14 association so provide. The bylaws or articles of incorporation may define a "month," but  
63.15 the definition must require a calendar month to have at least 16 days of active service. If  
63.16 the bylaws or articles of incorporation do not define a "month," a "month" is a completed  
63.17 calendar month of active service measured from the member's date of entry to the same  
63.18 date in the subsequent month. The service pension earned by a volunteer firefighter under  
63.19 this chapter and the articles of incorporation and bylaws of the volunteer firefighters'  
63.20 relief association may be paid whether or not the municipality or nonprofit firefighting  
63.21 corporation to which the relief association is associated qualifies for the receipt of fire  
63.22 state aid under chapter 69.

63.23 (b) In the case of a member who has completed at least five years of active service as  
63.24 an active member of the fire department to which the relief association is associated on  
63.25 the date that the relief association is established and incorporated, the requirement that  
63.26 the member complete at least five years of active membership with the relief association  
63.27 before separation from active service may be waived by the board of trustees of the relief  
63.28 association if the member completes at least five years of inactive membership with the  
63.29 relief association before the date of the payment of the service pension. During the  
63.30 period of inactive membership, the member is not entitled to receive disability benefit  
63.31 coverage, is not entitled to receive additional service credit towards computation of a  
63.32 service pension, and is considered to have the status of a person entitled to a deferred  
63.33 service pension under subdivision 7.

63.34 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
63.35 take final action in setting a service pension or ancillary benefit amount or level to the

64.1 board of trustees of the relief association or to approve in advance a service pension or  
64.2 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
64.3 would allow rather than a specific dollar amount or level.

64.4 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
64.5 service pension or disability benefit to a former member of the relief association if that  
64.6 person has not separated from active service with the fire department to which the relief  
64.7 association is directly associated, unless:

64.8 (1) the person is employed subsequent to retirement by the municipality or the  
64.9 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
64.10 the municipal fire department or corporation on a full-time basis;

64.11 (2) the governing body of the municipality or of the corporation has filed its  
64.12 determination with the board of trustees of the relief association that the person's  
64.13 experience with and service to the fire department in that person's full-time capacity  
64.14 would be difficult to replace; and

64.15 (3) the bylaws of the relief association were amended to provide for the payment of  
64.16 a service pension or disability benefit for such full-time employees.

64.17 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
64.18 18, and article 3, section 8, are enacted.

64.19 Sec. 5. Minnesota Statutes 2008, section 424A.02, subdivision 3, is amended to read:

64.20 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1  
64.21 as part of the certification of the financial requirements and minimum municipal obligation  
64.22 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,  
64.23 the secretary or some other official of the relief association designated in the bylaws of  
64.24 each defined benefit relief association shall calculate and certify to the governing body  
64.25 of the applicable qualified municipality the average amount of available financing per  
64.26 active covered firefighter for the most recent three-year period. The amount of available  
64.27 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the  
64.28 relief association, any amounts of municipal contributions to the relief association raised  
64.29 from levies on real estate or from other available revenue sources exclusive of fire state  
64.30 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
64.31 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;  
64.32 or 69.774, subdivision 2, if any.

64.33 (b) The maximum service pension which the defined benefit relief association has  
64.34 authority to provide for in its bylaws for payment to a member retiring after the calculation



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

65.1 date when the minimum age and service requirements specified in subdivision 1 are met  
65.2 must be determined using the table in paragraph (c) or (d), whichever applies.

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

65.10	Minimum Average Amount of Available	Maximum Service Pension Amount
65.11	Financing per Firefighter	Payable per Month for Each
65.12		Year of Service
65.13	\$ ...	\$ .25
65.14	41	.50
65.15	81	1.00
65.16	122	1.50
65.17	162	2.00
65.18	203	2.50
65.19	243	3.00
65.20	284	3.50
65.21	324	4.00
65.22	365	4.50
65.23	405	5.00
65.24	486	6.00
65.25	567	7.00
65.26	648	8.00
65.27	729	9.00
65.28	810	10.00
65.29	891	11.00
65.30	972	12.00
65.31	1053	13.00
65.32	1134	14.00
65.33	1215	15.00
65.34	1296	16.00
65.35	1377	17.00
65.36	1458	18.00
65.37	1539	19.00
65.38	1620	20.00
65.39	1701	21.00
65.40	1782	22.00
65.41	1823	22.50
65.42	1863	23.00

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

66.1	1944	24.00
66.2	2025	25.00
66.3	2106	26.00
66.4	2187	27.00
66.5	2268	28.00
66.6	2349	29.00
66.7	2430	30.00
66.8	2511	31.00
66.9	2592	32.00
66.10	2673	33.00
66.11	2754	34.00
66.12	2834	35.00
66.13	2916	36.00
66.14	2997	37.00
66.15	3078	38.00
66.16	3159	39.00
66.17	3240	40.00
66.18	3321	41.00
66.19	3402	42.00
66.20	3483	43.00
66.21	3564	44.00
66.22	3645	45.00
66.23	3726	46.00
66.24	3807	47.00
66.25	3888	48.00
66.26	3969	49.00
66.27	4050	50.00
66.28	4131	51.00
66.29	4212	52.00
66.30	4293	53.00
66.31	4374	54.00
66.32	4455	55.00
66.33	4536	56.00
66.34	Effective beginning December 31, 2008	
66.35	4617	57.00
66.36	4698	58.00
66.37	4779	59.00
66.38	4860	60.00
66.39	4941	61.00
66.40	5022	62.00
66.41	5103	63.00
66.42	5184	64.00
66.43	5265	65.00

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

67.1	Effective beginning December 31, 2009	
67.2	5346	66.00
67.3	5427	67.00
67.4	5508	68.00
67.5	5589	69.00
67.6	5670	70.00
67.7	5751	71.00
67.8	5832	72.00
67.9	5913	73.00
67.10	5994	74.00
67.11	Effective beginning December 31, 2010	
67.12	6075	75.00
67.13	6156	76.00
67.14	6237	77.00
67.15	6318	78.00
67.16	6399	79.00
67.17	6480	80.00
67.18	6561	81.00
67.19	6642	82.00
67.20	6723	83.00
67.21	Effective beginning December 31, 2011	
67.22	6804	84.00
67.23	6885	85.00
67.24	6966	86.00
67.25	7047	87.00
67.26	7128	88.00
67.27	7209	89.00
67.28	7290	90.00
67.29	7371	91.00
67.30	7452	92.00
67.31	Effective beginning December 31, 2012	
67.32	7533	93.00
67.33	7614	94.00
67.34	7695	95.00
67.35	7776	96.00
67.36	7857	97.00
67.37	7938	98.00
67.38	8019	99.00
67.39	8100	100.00
67.40	any amount in excess of	
67.41	8100	100.00

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

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

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

68.6	Minimum Average Amount of Available	Maximum Lump-Sum Service
68.7	Financing per Firefighter	Pension Amount Payable for
68.8		Each Year of Service
68.9	\$ ...	\$ 10
68.10	11	20
68.11	16	30
68.12	23	40
68.13	27	50
68.14	32	60
68.15	43	80
68.16	54	100
68.17	65	120
68.18	77	140
68.19	86	160
68.20	97	180
68.21	108	200
68.22	131	240
68.23	151	280
68.24	173	320
68.25	194	360
68.26	216	400
68.27	239	440
68.28	259	480
68.29	281	520
68.30	302	560
68.31	324	600
68.32	347	640
68.33	367	680
68.34	389	720
68.35	410	760
68.36	432	800
68.37	486	900
68.38	540	1000
68.39	594	1100
68.40	648	1200
68.41	702	1300
68.42	756	1400
68.43	810	1500

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

69.1	864	1600
69.2	918	1700
69.3	972	1800
69.4	1026	1900
69.5	1080	2000
69.6	1134	2100
69.7	1188	2200
69.8	1242	2300
69.9	1296	2400
69.10	1350	2500
69.11	1404	2600
69.12	1458	2700
69.13	1512	2800
69.14	1566	2900
69.15	1620	3000
69.16	1672	3100
69.17	1726	3200
69.18	1753	3250
69.19	1780	3300
69.20	1820	3375
69.21	1834	3400
69.22	1888	3500
69.23	1942	3600
69.24	1996	3700
69.25	2023	3750
69.26	2050	3800
69.27	2104	3900
69.28	2158	4000
69.29	2212	4100
69.30	2265	4200
69.31	2319	4300
69.32	2373	4400
69.33	2427	4500
69.34	2481	4600
69.35	2535	4700
69.36	2589	4800
69.37	2643	4900
69.38	2697	5000
69.39	2751	5100
69.40	2805	5200
69.41	2859	5300
69.42	2913	5400
69.43	2967	5500

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

70.1	3021	5600
70.2	3075	5700
70.3	3129	5800
70.4	3183	5900
70.5	3237	6000
70.6	3291	6100
70.7	3345	6200
70.8	3399	6300
70.9	3453	6400
70.10	3507	6500
70.11	3561	6600
70.12	3615	6700
70.13	3669	6800
70.14	3723	6900
70.15	3777	7000
70.16	3831	7100
70.17	3885	7200
70.18	3939	7300
70.19	3993	7400
70.20	4047	7500
70.21	Effective beginning December 31, 2008	
70.22	4101	7600
70.23	4155	7700
70.24	4209	7800
70.25	4263	7900
70.26	4317	8000
70.27	4371	8100
70.28	4425	8200
70.29	4479	8300
70.30	Effective beginning December 31, 2009	
70.31	4533	8400
70.32	4587	8500
70.33	4641	8600
70.34	4695	8700
70.35	4749	8800
70.36	4803	8900
70.37	4857	9000
70.38	4911	9100
70.39	Effective beginning December 31, 2010	
70.40	4965	9200
70.41	5019	9300
70.42	5073	9400
70.43	5127	9500

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

71.1	5181	9600
71.2	5235	9700
71.3	5289	9800
71.4	5343	9900
71.5	5397	10,000
71.6	any amount in excess of	
71.7	5397	10,000

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

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

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

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

71.27 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
71.28 20, and article 3, section 10, are enacted.

71.29 Sec. 6. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

71.30 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
71.31 If a defined benefit relief association pays a service pension greater than the maximum  
71.32 service pension associated with the applicable average amount of available financing per  
71.33 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
71.34 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

72.1 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
72.2 less, the state auditor shall:

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

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

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

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

72.17 (d) The determination of the state auditor that a relief association has paid a service  
72.18 pension greater than the applicable maximum must be made on the basis of the information  
72.19 filed by the relief association and the municipality with the state auditor under sections  
72.20 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
72.21 relevant information that comes to the attention of the state auditor. The determination  
72.22 of the state auditor is final. An aggrieved municipality, relief association, or person may  
72.23 appeal the determination under section 480A.06.

72.24 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
72.25 21, and article 3, section 9, are enacted.

72.26 Sec. 7. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

72.27 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined  
72.28 benefit relief association, if the governing bylaws so provide, may pay, at the option of the  
72.29 ~~retiring member~~ intended recipient and in lieu of a single payment of a lump-sum service  
72.30 pension or survivor benefit, a lump-sum service pension or survivor benefit in installments.

72.31 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be  
72.32 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of  
72.33 the relief association no later than 30 days ~~prior to~~ before the commencement of payment  
72.34 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~  
72.35 must be determined so that the present value of the aggregate installment payments



**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

73.1 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~  
73.2 ~~of the single lump-sum payment which would have been made had the installment~~  
73.3 ~~payments option not been elected. The payment of each installment shall include interest~~  
73.4 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~  
73.5 ~~installment payments as of the date on which the previous installment payment was paid~~  
73.6 ~~and computed from the date on which the previous installment payment was paid to the~~  
73.7 ~~date of payment for the current installment payment in any reasonable manner provided~~  
73.8 ~~for in the governing bylaws, but the total amount of installment payments may not exceed~~  
73.9 ~~the single payment service pension amount plus interest at an annual rate of five percent~~  
73.10 ~~on the amount of delayed payments for the period during which payment was delayed.~~

73.11 ~~(c) To the extent that the commissioner of commerce deems it to be necessary or~~  
73.12 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
73.13 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

73.14 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
73.15 23, and article 3, section 11, are enacted.

73.16 Sec. 8. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

73.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
73.18 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
73.19 copy of its governing bylaws with the state auditor upon the adoption of any amendment  
73.20 to its governing bylaws by the relief association or upon the approval of any amendment  
73.21 to its governing bylaws granted by the governing body of each municipality served by the  
73.22 fire department to which the relief association is directly associated. Failure of the relief  
73.23 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
73.24 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
73.25 aid until this filing requirement has been completed.

73.26 (b) If the special fund of the relief association does not have a surplus over full  
73.27 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
73.28 69.773, subdivision 4, and if the municipality is required to provide financial support to  
73.29 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
73.30 bylaw amendment which would affect the amount of, the manner of payment of, or the  
73.31 conditions for qualification for service pensions or ancillary benefits or disbursements  
73.32 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable  
73.33 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
73.34 by the governing body or bodies of the appropriate municipalities. If the municipality is  
73.35 not required to provide financial support to the special fund ~~pursuant to~~ under this section,

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

74.1 the relief association may adopt or amend without municipal ratification its articles  
74.2 of incorporation or bylaws which increase or otherwise affect the service pensions or  
74.3 ancillary benefits payable from the special fund so long as the changes do not cause the  
74.4 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
74.5 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior year and  
74.6 the changes do not result in the financial requirements of the special fund exceeding the  
74.7 expected amount of the ~~future~~ subsequent calendar year's fire state aid to be received  
74.8 by the relief association.

74.9 (c) If the relief association pays only a lump-sum pension, the financial requirements  
74.10 are to be determined by the board of trustees following the preparation of an estimate  
74.11 of the expected increase in the accrued liability and annual accruing liability of the  
74.12 relief association attributable to the change. If the relief association pays a monthly  
74.13 benefit service pension, the financial requirements are to be determined by the board of  
74.14 trustees following either an updated actuarial valuation including the proposed change  
74.15 or an estimate of the expected actuarial impact of the proposed change prepared by the  
74.16 actuary of the relief association. If a relief association adopts or amends its articles of  
74.17 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
74.18 and, subsequent to the amendment or adoption, the financial requirements of the special  
74.19 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
74.20 municipality, the provision which was implemented without municipal ratification ~~shall~~ is  
74.21 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
74.22 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
74.23 incorporation or bylaws as amended or adopted with municipal ratification.

74.24 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
74.25 27, and article 3, section 12, are enacted.

74.26 Sec. 9. Minnesota Statutes 2008, section 424A.04, subdivision 1, is amended to read:

74.27 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
74.28 a municipal fire department must be managed by a board of trustees consisting of nine  
74.29 members. Six trustees must be elected from the membership of the relief association and  
74.30 three trustees must be drawn from the officials of the municipalities served by the fire  
74.31 department to which the relief association is directly associated. The bylaws of a relief  
74.32 association which provides a monthly benefit service pension may provide that one of  
74.33 the six trustees elected from the relief association membership may be a retired member  
74.34 receiving a monthly pension who is elected by the membership of the relief association.  
74.35 The three municipal trustees must be one elected municipal official and one elected or

75.1 appointed municipal official who are designated as municipal representatives by the  
75.2 municipal governing board annually and the chief of the municipal fire department.

75.3 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
75.4 corporation must be managed by a board of trustees consisting of nine members. Six  
75.5 trustees must be elected from the membership of the relief association, two trustees must  
75.6 be drawn from the officials of the municipalities served by the fire department to which  
75.7 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
75.8 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
75.9 association may provide that one of the six trustees elected from the relief association  
75.10 membership may be a retired member receiving a monthly pension who is elected by the  
75.11 membership of the relief association. The two municipal trustees must be elected or  
75.12 appointed municipal officials, selected as follows:

75.13 (1) if only one municipality contracts with the independent nonprofit firefighting  
75.14 corporation, the municipal trustees must be two officials of the contracting municipality  
75.15 who are designated annually by the governing body of the municipality; or

75.16 (2) if two or more municipalities contract with the independent nonprofit corporation,  
75.17 the municipal trustees must be one official from each of the two largest municipalities  
75.18 in population who are designated annually by the governing bodies of the applicable  
75.19 municipalities.

75.20 (c) The municipal trustees for a relief association that is directly associated with a  
75.21 fire department operated as or by a joint powers entity must be the fire chief of the fire  
75.22 department and two trustees designated annually by the joint powers board. The municipal  
75.23 trustees for a relief association that is directly associated with a fire department service  
75.24 area township must be the fire chief of the fire department and two trustees designated by  
75.25 the township board.

75.26 (d) If a relief association lacks the municipal board members provided for in  
75.27 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
75.28 organized municipality, joint powers entity, or township, the municipal board members  
75.29 must be the fire chief of the fire department and two board members appointed from the  
75.30 fire department service area by the board of commissioners of the applicable county.

75.31 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
75.32 person's successor is qualified, whichever is later.

75.33 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
75.34 and duties accorded to any other trustee, except the right to be an officer of the relief  
75.35 association board of trustees.

76.1 (g) A board must have at least three officers, who are a president, a secretary and a  
76.2 treasurer. These officers must be elected from among the elected trustees by either the full  
76.3 board of trustees or by the relief association membership, as specified in the bylaws. In  
76.4 no event may any trustee hold more than one officer position at any one time. The terms  
76.5 of the elected trustees and of the officers of the board must be specified in the bylaws of  
76.6 the relief association, but may not exceed three years. If the term of the elected trustees  
76.7 exceeds one year, the election of the various trustees elected from the membership must be  
76.8 staggered on as equal a basis as is practicable.

76.9 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
76.10 32, and article 3, section 13, are enacted.

76.11 Sec. 10. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

76.12 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
76.13 from the special fund ~~are~~ may not permitted to be made for any purpose other than one of  
76.14 the following:

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

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

76.20 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
76.21 or if none, to designated beneficiaries, of deceased members of the relief association, and  
76.22 if no survivors and if no designated beneficiary, for the payment of a death benefit to the  
76.23 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~  
76.24 under law and specified in amount in the bylaws governing the relief association;

76.25 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
76.26 Department Association; and to the Minnesota Area Relief Association Coalition; ~~and to~~  
76.27 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association  
76.28 members to membership in and the benefits of these associations or organizations; ~~and~~

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

76.33 ~~(5)~~ (6) for the payment of administrative expenses of the relief association as  
76.34 authorized under section 69.80.

77.1 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association  
77.2 or for a combination lump-sum and monthly benefit volunteer fire relief association where  
77.3 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
77.4 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of  
77.5 this chapter, for a defined contribution volunteer fire relief association, for a lump-sum  
77.6 volunteer fire relief association, or for a combination lump-sum and monthly benefit  
77.7 volunteer fire relief association where a lump-sum service pension has been elected by  
77.8 or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary  
77.9 may be a trust created under chapter 501B.

77.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
77.11 32, and article 3, section 13, are enacted.

77.12 Sec. 11. Minnesota Statutes 2008, section 424A.08, is amended to read:

77.13 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
77.14 **AUTHORIZED DISBURSEMENTS.**

77.15 (a) Any qualified municipality which is entitled to receive fire state aid but which  
77.16 has no volunteer firefighters' relief association directly associated with its fire department  
77.17 and which has no full-time firefighters with retirement coverage by the public employees  
77.18 police and fire retirement plan shall deposit the fire state aid in a special account  
77.19 established for that purpose in the municipal treasury. Disbursement from the special  
77.20 account shall may not be made for any purpose except:

77.21 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
77.22 Department Association and to the state Volunteer Firefighters' Benefit Association in  
77.23 order to entitle its firefighters to membership in and the benefits of these state associations;

77.24 (2) payment of the cost of purchasing and maintaining needed equipment for the  
77.25 fire department; and

77.26 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and~~ or maintenance  
77.27 of buildings or other premises to house the equipment of the fire department.

77.28 (b) A qualified municipality which is entitled to receive fire state aid, which has no  
77.29 volunteer firefighters' relief association directly associated with its fire department and  
77.30 which has full-time firefighters with retirement coverage by the public employees police  
77.31 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the  
77.32 payment of the employer contribution requirement with respect to firefighters covered by  
77.33 the public employees police and fire retirement plan under section 353.65, subdivision 3,  
77.34 or for a combination of the two types of disbursements.

**S.F. No. 1001, as introduced - 86th Legislative Session (2009-2010) [09-2230]**

78.1 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
78.2 39, and article 3, section 15, are enacted.

78.3 Sec. 12. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

78.4 Subdivision 1. **Definitions.** For purposes of this section:

78.5 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
78.6 of pension or retirement benefits from a volunteer firefighters' relief association for service  
78.7 that the individual has performed as a volunteer firefighter;

78.8 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
78.9 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
78.10 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children  
78.11 of a deceased active or deferred volunteer firefighter;

78.12 (3) "active volunteer firefighter" means a person who regularly renders fire  
78.13 suppression service for a municipal fire department or an independent nonprofit firefighting  
78.14 corporation, who has met the statutory and other requirements for relief association  
78.15 membership, and who ~~has been~~ is deemed by the relief association under law and its  
78.16 bylaws to be a fully qualified member of the relief association for at least one month; and

78.17 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
78.18 terminated active firefighting service, has sufficient service credit from the applicable relief  
78.19 association to be entitled to a service pension under the bylaws of the relief association,  
78.20 but has not applied for or has not received the service pension.

78.21 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
78.22 40, and article 3, section 16, are enacted.

78.23 Sec. 13. **REPEALER.**

78.24 Minnesota Statutes 2008, section 424A.02, subdivision 9b, is repealed.

78.25 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
78.26 26, is enacted.

APPENDIX  
Article locations in 09-2230

ARTICLE 1	REORGANIZATION AND RECODIFICATION OF .....	Page.Ln 1.16
ARTICLE 2	CONFORMING CHANGES .....	Page.Ln 38.9
ARTICLE 3	VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION .....	Page.Ln 40.28
ARTICLE 4	ACCOMMODATING CHANGES .....	Page.Ln 58.12