

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2473

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DATE	D-PG	OFFICIAL STATUS
03/10/2016		Introduction and first reading Referred to State and Local Government

A bill for an act

1.1 relating to volunteer firefighters relief associations; implementing the
 1.2 recommendations of the state auditor's volunteer firefighter working group;
 1.3 addressing various service credit and service pension eligibility issues; updating
 1.4 references to accommodate joint powers fire departments; amending Minnesota
 1.5 Statutes 2014, sections 424A.01, by adding subdivisions; 424A.015, by adding a
 1.6 subdivision; 424B.20, subdivision 4; proposing coding for new law in Minnesota
 1.7 Statutes, chapter 424A; repealing Minnesota Statutes 2014, section 424A.02,
 1.8 subdivision 13.
 1.9

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

1.11 Section 1. **[424A.003] CERTIFICATION OF SERVICE CREDIT.**

1.12 (a) When a municipal fire department, a joint powers fire department, or an
 1.13 independent nonprofit firefighting corporation is directly associated with the volunteer
 1.14 firefighters relief association, the fire chief shall certify annually by March 31 the service
 1.15 credit for the previous calendar year of each volunteer firefighter rendering active service
 1.16 with the fire department.

1.17 (b) The certification shall be made to an officer of the relief association's board
 1.18 of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in
 1.19 population served by the associated fire department.

1.20 (c) The fire chief shall notify each volunteer firefighter rendering active service with
 1.21 the fire department of the amount of service credit rendered by the firefighter for the
 1.22 previous calendar year. The service credit notification and a description of the process and
 1.23 deadlines for the firefighter to challenge the fire chief's determination of service credit
 1.24 must be provided to the firefighter 60 days prior to its certification to the relief association
 1.25 and municipality. If the service credit amount is challenged, the fire chief shall accept

2.1 and consider any additional pertinent information and shall make a final determination of
2.2 service credit.

2.3 (d) The service credit certification must be expressed as the number of completed
2.4 months of the previous year during which an active volunteer firefighter rendered at least
2.5 the minimum level of duties as specified and required by the fire department under the
2.6 rules, regulations, and policies applicable to the fire department. No more than one year of
2.7 service credit may be certified for a calendar year.

2.8 (e) If a volunteer firefighter who is a member of the relief association leaves active
2.9 firefighting service to render active military service that is required to be governed by the
2.10 federal Uniformed Services Employment and Reemployment Rights Act, as amended,
2.11 the firefighter must be certified as providing service credit for the period of the military
2.12 service, up to the applicable limit of the federal Uniformed Services Employment
2.13 and Reemployment Rights Act. If the volunteer firefighter does not return from the
2.14 military service in compliance with the federal Uniformed Services Employment and
2.15 Reemployment Rights Act, the service credits applicable to that military service credit
2.16 period are forfeited and canceled at the end of the calendar year in which the time limit
2.17 set by federal law occurs.

2.18 **EFFECTIVE DATE.** This section is effective January 1, 2017.

2.19 Sec. 2. Minnesota Statutes 2014, section 424A.01, is amended by adding a subdivision
2.20 to read:

2.21 Subd. 4a. **Prohibition on receipt of concurrent service credit.** No firefighter may
2.22 be credited with service credit in a volunteer firefighters relief association for the same
2.23 hours of service for which coverage is already provided in a fund operated pursuant to
2.24 chapter 353.

2.25 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
2.26 service rendered on or after that date.

2.27 Sec. 3. Minnesota Statutes 2014, section 424A.01, is amended by adding a subdivision
2.28 to read:

2.29 Subd. 5a. **Volunteer emergency medical personnel.** Volunteer emergency
2.30 medical personnel are eligible to be members of the applicable volunteer firefighters
2.31 relief association and to qualify for service pension or other benefit coverage of the relief
2.32 association on the same basis as fire department personnel who perform or supervise fire
2.33 suppression or fire prevention duties, if:

3.1 (1) the fire department employs or otherwise uses the services of persons solely as
 3.2 volunteer emergency medical personnel to perform emergency medical response duties or
 3.3 supervise emergency medical response activities;

3.4 (2) the bylaws of the relief association authorize the eligibility; and

3.5 (3) the eligibility is approved by:

3.6 (i) the municipality, if the fire department is a municipal department;

3.7 (ii) the joint powers board, if the fire department is a joint powers entity; or

3.8 (iii) the contracting municipality or municipalities, if the fire department is an
 3.9 independent nonprofit firefighting corporation.

3.10 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
 3.11 service rendered on or after that date.

3.12 Sec. 4. Minnesota Statutes 2014, section 424A.015, is amended by adding a
 3.13 subdivision to read:

3.14 Subd. 7. **Combined service pensions.** (a) A volunteer firefighter with credit for
 3.15 service as an active firefighter in more than one volunteer firefighters relief association is
 3.16 entitled to a prorated service pension from each relief association if:

3.17 (1) the articles of incorporation or bylaws of the relief associations provide;

3.18 (2) the applicable requirements of paragraphs (b) and (c) are met; and

3.19 (3) the volunteer firefighter otherwise qualifies.

3.20 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
 3.21 must have a total combined amount of service credit from the two or more relief
 3.22 associations of ten years or more, unless the bylaws of every affected relief association
 3.23 specify less than a ten-year service vesting requirement, in which case, the total amount of
 3.24 required service credit is the longest service vesting requirement of the relief associations.
 3.25 The member must have one year or more of service credit in each relief association. The
 3.26 prorated service pension must be based on:

3.27 (1) for defined benefit relief associations, the service pension amount in effect for
 3.28 the relief association on the date on which active volunteer firefighting services covered
 3.29 by that relief association terminate; and

3.30 (2) for defined contribution relief associations, the member's individual account
 3.31 balance on the date on which active volunteer firefighting services covered by that relief
 3.32 association terminate.

3.33 (c) To receive a prorated service pension under this subdivision, the firefighter
 3.34 must become a member of the second or succeeding association and must give notice of
 3.35 membership to the prior association within two years of the date of termination of active

4.1 service with the prior association. The second or subsequent relief association secretary
4.2 must certify the notice.

4.3 **EFFECTIVE DATE.** This section is effective January 1, 2017.

4.4 Sec. 5. Minnesota Statutes 2014, section 424B.20, subdivision 4, is amended to read:

4.5 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit
4.6 legal obligations of the special fund of the volunteer firefighters relief association under
4.7 subdivision 3, the board of the relief association shall transfer the remaining assets of the
4.8 special fund, as securities or in cash, as applicable, to the chief financial official of the
4.9 municipality in which the associated fire department was located if the fire department was
4.10 a municipal fire department or to the chief financial official of the municipality with the
4.11 largest population served by the fire department if the fire department was an independent
4.12 nonprofit firefighting corporation. If the fire department was a joint powers entity, the
4.13 remaining assets of the special fund shall be transferred to the chief financial official of
4.14 the municipality designated as the fiscal agent in the joint powers agreement or, if the
4.15 agreement does not designate a municipality as the fiscal agent, the remaining assets of
4.16 the special fund shall be transferred to the chief financial official of the municipality with
4.17 the largest population served by the joint powers fire department. The board shall also
4.18 compile a schedule of the relief association members to whom a service pension is or will
4.19 be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or
4.20 benefit payable based on the applicable bylaws and state law and the service rendered to
4.21 the date of the dissolution, and the date on which the pension or benefit would first be
4.22 payable under the bylaws of the relief association and state law.

4.23 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special
4.24 fund of a volunteer firefighters relief association that is dissolving under this section shall
4.25 establish a separate account in the municipal treasury which must function as a trust fund
4.26 for members of the volunteer firefighters relief association and their beneficiaries to whom
4.27 the volunteer firefighters relief association owes a service pension or other benefit under
4.28 the bylaws of the relief association and state law. Upon proper application, on or after the
4.29 initial date on which the service pension or benefit is payable, the municipal treasurer shall
4.30 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the
4.31 other records of the dissolved relief association. The trust fund under this section must be
4.32 invested and managed consistent with chapter 356A and section 424A.095. Upon payment
4.33 of the last service pension or benefit due and owing, any remaining assets in the trust
4.34 fund cancel to the general fund of the municipality: or, if the fire department was a joint
4.35 powers entity, any remaining assets in the trust fund cancel to the general fund of each

5.1 municipality that was a contracting party to the joint powers agreement as specified in the
5.2 joint powers agreement. If the joint powers agreement does not specify how the remaining
5.3 assets are to be distributed among the contracting parties, each of the contracting parties
5.4 shall receive a pro rata share of the remaining assets based on the proportion of total
5.5 operating contributions each contracting municipality made to the joint powers entity over
5.6 the most recent ten calendar years. If the special fund of the volunteer firefighters relief
5.7 association had an unfunded actuarial accrued liability upon dissolution, the municipality
5.8 is liable for that unfunded actuarial accrued liability. If the fire department was a joint
5.9 powers entity, the contracting municipalities are liable for their share of the unfunded
5.10 actuarial accrued liability as specified in the joint powers agreement. If the joint powers
5.11 agreement does not specify liability for any unfunded actuarial accrued liability, the
5.12 contracting municipalities are liable for their pro rata share of the unfunded actuarial
5.13 accrued liability based on the proportion of total operating contributions each contracting
5.14 municipality made to the joint powers entity over the most recent ten calendar years.

5.15 **EFFECTIVE DATE.** This section is effective January 1, 2017.

5.16 Sec. 6. **REPEALER.**

5.17 Minnesota Statutes 2014, section 424A.02, subdivision 13, is repealed.

5.18 **EFFECTIVE DATE.** This section is effective January 1, 2017.

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

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

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