

STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 2000

 ONE HUNDREDTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 3, 2000

The House of Representatives convened at 9:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by John Gordon, the Voice of the Minnesota Twins.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dorman	Howes	Mahoney	Pawlenty	Swenson
Abrams	Dorn	Huntley	Mares	Paymar	Sykora
Anderson, B.	Entenza	Jaros	Mariani	Pelowski	Tingelstad
Anderson, I.	Erickson	Jennings	Marko	Peterson	Tomassoni
Bakk	Finseth	Johnson	McCollum	Pugh	Trimble
Biernat	Folliard	Juhnke	McElroy	Reuter	Tuma
Bishop	Fuller	Kahn	McGuire	Rhodes	Tunheim
Boudreau	Gerlach	Kalis	Milbert	Rifenberg	Van Dellen
Bradley	Gleason	Kelliher	Molnau	Rostberg	Vandevor
Broecker	Goodno	Kielkucki	Mulder	Rukavina	Wagenius
Buesgens	Gray	Knoblach	Mullery	Schumacher	Wejman
Carlson	Greiling	Koskinen	Murphy	Seagren	Wenzel
Carruthers	Gunther	Kubly	Ness	Seifert, J.	Westerberg
Cassell	Haake	Kuisle	Nornes	Seifert, M.	Westfall
Chaudhary	Haas	Larsen, P.	Olson	Skoe	Westrom
Clark, J.	Hackbarth	Larson, D.	Opatz	Skoglund	Wilkin
Clark, K.	Harder	Leighton	Orfield	Smith	Winter
Daggett	Hasskamp	Lenczewski	Osskopp	Solberg	Wolf
Davids	Hausman	Leppik	Osthoff	Stanek	Workman
Dawkins	Hilty	Lieder	Otremba	Stang	Spk. Sviggum
Dehler	Holberg	Lindner	Ozment	Storm	
Dempsey	Holsten	Luther	Paulsen	Swapinski	

A quorum was present.

Greenfield was excused.

Rest was excused until 9:25 a.m. Krinkie was excused until 9:35 a.m. Erhardt was excused until 10:35 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Rhodes moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 173 and H. F. No. 304, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Tunheim moved that S. F. No. 173 be substituted for H. F. No. 304 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 887 and H. F. No. 1502, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rhodes moved that the rules be so far suspended that S. F. No. 887 be substituted for H. F. No. 1502 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1870 and H. F. No. 1748, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Haas moved that the rules be so far suspended that S. F. No. 1870 be substituted for H. F. No. 1748 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2200 and H. F. No. 2427, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ozment moved that the rules be so far suspended that S. F. No. 2200 be substituted for H. F. No. 2427 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2845 and H. F. No. 2655, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Leppik moved that the rules be so far suspended that S. F. No. 2845 be substituted for H. F. No. 2655 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2848 and H. F. No. 2981, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rostberg moved that S. F. No. 2848 be substituted for H. F. No. 2981 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2851 and H. F. No. 3414, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Leighton moved that S. F. No. 2851 be substituted for H. F. No. 3414 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2987 and H. F. No. 3903, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Westrom moved that the rules be so far suspended that S. F. No. 2987 be substituted for H. F. No. 3903 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3002 and H. F. No. 2991, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Swenson moved that S. F. No. 3002 be substituted for H. F. No. 2991 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3116 and H. F. No. 3577, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Holberg moved that the rules be so far suspended that S. F. No. 3116 be substituted for H. F. No. 3577 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3150 and H. F. No. 3082, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Tuma moved that S. F. No. 3150 be substituted for H. F. No. 3082 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Abrams from the Committee on Taxes to which was referred:

H. F. No. 3075, A bill for an act relating to taxation; recodifying insurance tax laws; providing for civil and criminal penalties; appropriating money; amending Minnesota Statutes 1998, sections 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 176A.08; 290.35, subdivisions 2, 3, and 6; 295.58; and 424.165; Minnesota Statutes 1999 Supplement, sections 43A.23, subdivision 1; and 60A.19, subdivision 6; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198,

subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; and 299F.26; Minnesota Rules, part 2765.1500, subpart 6.

Reported the same back with the following amendments:

Page 2, delete lines 16 to 33 and insert:

"Subd. 9. [GROSS PREMIUMS.] "Gross premiums" means total premiums paid by policyholders and applicants of policies, whether received in the form of money or other valuable consideration, on property, persons, lives, interests and other risks located, resident, or to be performed in this state, but excluding consideration and premiums for reinsurance assumed from other insurance companies. The term "gross premiums" includes the total consideration paid to bail bond agents for bail bonds. For title insurance companies, "gross premiums" means the charge for title insurance made by a title insurance company or its agents according to the company's rate filing approved by the commissioner of commerce without a deduction for commissions paid to or retained by the agent. Gross premiums of a title insurance company does not include any other charge or fee for abstracting, searching, or examining the title, or escrow, closing, or other related services."

Page 4, delete lines 11 to 20 and insert:

"Subd. 4. [MUTUAL PROPERTY AND CASUALTY COMPANIES WITH TOTAL ASSETS LESS THAN \$1,600,000,000 ON DECEMBER 31, 1989.] A tax is imposed on mutual property and casualty companies that had total assets greater than \$5,000,000 at the end of the calendar year but that had total assets less than \$1,600,000,000 on December 31, 1989. The rate of tax is equal to:

(1) two percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or otherwise, during the year; and

(2) 1.26 percent of gross premiums less return premiums on all other direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year."

Page 10, line 32, delete "2, and 3" and insert "3, and 4"

Page 13, line 21, after "62E.10" insert "in connection with that plan"

Page 13, line 26, delete "BENEFITS" and insert "BENEFIT"

Page 13, line 27, delete "benefits" and insert "benefit"

Page 13, line 34, delete the comma and insert a semicolon

Page 13, line 36, after "or" insert "under sections"

Page 32, lines 25, 30, and 32, delete "July 1, 2000" and insert "January 1, 2001"

Page 33, lines 10 and 14, delete "July 1, 2000" and insert "January 1, 2001"

With the recommendation that when so amended the bill pass.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 3234, A bill for an act relating to taxation; recodifying the sales and use tax laws; making style and form and clarifying changes; amending Minnesota Statutes 1998, sections 37.13; 115A.69, subdivision 6; 116A.25; 289A.31, subdivision 7; 360.035; 458A.09; 458A.30; 458D.23; 469.127; 473.448; 473.545; and 473.608, subdivision 2; Minnesota Statutes 1999 Supplement, section 469.101, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 1998, sections 297A.01; 297A.02; 297A.022; 297A.023; 297A.03; 297A.04; 297A.041; 297A.06; 297A.065; 297A.07; 297A.09; 297A.10; 297A.11; 297A.12; 297A.13; 297A.135; 297A.14; 297A.141; 297A.15; 297A.16; 297A.17; 297A.18; 297A.21; 297A.211; 297A.213; 297A.22; 297A.23; 297A.24; 297A.25; 297A.2531; 297A.2545; 297A.255; 297A.256; 297A.2571; 297A.2572; 297A.2573; 297A.259; 297A.26; 297A.28; 297A.33, subdivision 2; 297A.44, subdivision 1; 297A.46; 297A.47; and 297A.48.

Reported the same back with the following amendments:

Page 1, line 28, after the period, insert "The provisions of this act may not be used to determine the law in effect prior to this act's effective date."

Page 6, delete line 11

Page 6, line 13, before the period, insert "or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state. Telephone service includes (1) paging services, and (2) private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. Telephone service does not include services purchased with a prepaid telephone calling card"

Page 6, line 17, after "transfer" insert "for a consideration"

Page 6, delete lines 21 to 29

Renumber the paragraphs and correct internal references

Page 7, line 1, delete everything after "business" and insert a period

Page 7, delete line 2

Page 8, after line 6, insert:

"(k) In the case of a lease, a retail sale occurs when an obligation to make a lease payment becomes due under the terms of the agreement or the trade practices of the lessor.

(l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of title or possession of the tangible personal property."

Page 8, line 9, after "business" insert "or subsequent use solely outside Minnesota of tangible personal property"

Page 8, line 31, delete ", provided"

Page 8, line 32, delete everything before the colon

Page 8, lines 35 and 36, before the semicolon, insert "if the charges are separately stated"

Page 9, lines 2 and 4, before the semicolon, insert "if the charges are separately stated"

Page 9, line 32, after the semicolon, insert "and"

Page 9, line 33, delete "; and" and insert a period

Page 9, delete lines 34 and 35

Page 12, line 11, delete everything after the period

Page 12, delete lines 12 and 13

Page 12, line 14, delete everything after "transaction" and insert "defined under subdivision 15."

Page 12, delete line 15 and insert:

"Subd. 15. [CONDITIONAL SALES CONTRACT.] A "conditional sales contract" means a contract, whether or not the contract is designated as a lease, that provides that the purchaser or lessee is to obtain title to the property at the end of the term of the contract or has the option to purchase the property at the end of the term of the contract for a nominal amount. For purposes of this paragraph, "nominal amount" means an amount so small, slight, or negligible that it is not economically significant and bears no relation to the real value of the item being purchased."

Renumber the subdivisions in sequence and correct the internal references

Page 12, line 17, delete "only" and after "subdivision" insert "and other services listed in subdivision 3"

Page 14, line 20, after the period, insert "In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise."

Page 15, delete lines 20 to 29 and insert:

"Subd. 18. [HANDICAPPED.] "Handicapped" means an individual who has a permanent and total disability as defined in section 273.13, subdivision 22."

Page 22, line 33, after "storage," insert "distribution,"

Page 22, line 36, delete everything after the headnote

Page 23, line 1, delete everything before "food"

Page 25, line 11, delete "3901" and insert "3902"

Page 25, line 15, delete everything after the period

Page 25, delete lines 16 and 17

Page 27, line 23, after "storage," insert "distribution,"

Page 27, line 27, before "used" insert "stored," and after "used" insert a comma and delete "tangible"

Page 28, line 2, delete ", except to the"

Page 28, line 3, delete "extent" and delete "directly" and before the semicolon, insert ", except that electricity, gas, or steam used for space heating or lighting is exempt only if it is necessary to produce that particular industrial product"

Page 28, line 7, delete "and" and insert a comma and after "equipment" insert ", and other items"

Page 28, line 32, after "Materials" insert "stored," and after "used" insert a comma

Page 29, line 6, delete "directly"

Page 29, line 9, delete "to the extent"

Page 29, line 10, delete "directly" and before the period, insert ", except that electricity, gas, or steam used for space heating or lighting is exempt only if it is necessary to produce that particular taxable service"

Page 29, line 27, delete "is limited to" and insert "means"

Page 30, line 7, before the semicolon, insert ", whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment"

Page 31, line 3, after "operating" insert ", controlling, or regulating"

Page 31, line 35, delete "used in"

Page 31, line 36, delete "industrial production"

Page 32, line 13, delete "Machinery and"

Page 32, delete lines 14 to 16

Page 32, line 17, delete everything before "Steel" and insert "Pollution control equipment purchased by a steel reprocessing firm is exempt if the equipment is necessary to meet state or federal emission standards. For purposes of this subdivision:

(1) "pollution control equipment" means equipment used for the purpose of eliminating, preventing, or reducing air, land, or water pollution during or as a result of the manufacturing process; and

(2)"

Page 39, line 13, after "storage," insert "distribution,"

Page 39, line 17, after "Materials" insert "stored," and after "used" insert a comma

Page 39, line 34, delete ", to the extent"

Page 39, line 35, delete "directly" and before the semicolon, insert ", except that electricity, gas, or steam used for space heating or lighting is exempt only if it is necessary to produce that particular agricultural product"

Page 41, line 5, after "storage," insert "distribution,"

Page 45, line 3, delete the second "of"

Page 45, line 4, delete "1986"

Page 45, lines 17 and 26, delete "of 1986"

Page 46, line 35, delete "the holder of a" and insert "a person authorized to import" and after "wine" insert "without a"

Page 47, line 36, delete "and"

Page 48, line 4, before the period, insert "; and

(4) sales of gum, candy, and candy products sold for fundraising purposes by a nonprofit organization that provides educational and social activities primarily for young people 18 years of age and under"

Page 48, line 13, delete "123.38" and insert "123B.49"

Page 48, line 15, delete "123.38, subdivision 2b" and insert "123B.49, subdivision 4"

Page 50, line 6, after "storage," insert "distribution,"

Page 52, line 10, delete "Building"

Page 52, line 11, after "materials" insert ", equipment," and delete "for" and insert "used or consumed in"

Page 54, line 5, delete "and"

Page 54, line 6, before the period, insert "; and Laws 1997, chapter 246, section 24" and delete "shall" and insert "must"

Page 60, line 18, after "sale" insert "to" and after "purchase" insert ", storage, use, or consumption"

Page 60, line 22, after the first "or" insert "purchased,"

Page 61, line 5, delete "sale" insert "lease"

Page 75, line 28, delete everything after the headnote

Page 75, delete line 29

Page 75, line 30, delete everything before "this"

Page 75, line 31, after "before" insert ", on, or after"

Page 76, line 19, after "revenue" insert a comma

Page 77, line 9, after "44" insert ", subdivisions 1 and 3,"

Page 77, lines 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 33, 35, and 36, delete "2000" and insert "2001"

Page 78, lines 2, 4, 6, and 8, delete "2000" and insert "2001"

Page 78, delete line 9 and insert "Sections 44, subdivision 2, and 45 are effective July 1, 2001."

With the recommendation that when so amended the bill pass.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 3426, A bill for an act relating to natural resources; proposing an amendment to the Minnesota Constitution, article XI, by adding a section; providing for a state account and review committee; providing appointments; proposing coding for new law in Minnesota Statutes, chapter 97A.

Reported the same back with the following amendments:

Page 1, line 12, after the first "sales" insert "and use" and delete "a general sales" and insert "the state sales and use"

Page 1, line 13, delete "taxable" and after "sales" insert "and uses taxable under the general state sales and use tax law, plus penalties and interest"

Page 2, line 6, before "sources" insert "funding" and delete "of funding" and insert "to provide expanded revenue"

Page 2, line 7, delete "fund" and insert "enhancement account"

Page 2, line 14, after the first "sales" insert "and use" and delete "a general sales" and insert "the state sales and use"

Page 2, line 25, after the period, insert "At least 90 percent of the money appropriated from the account must be allocated for expenditures in regional and local area offices."

Page 2, line 32, delete "two" and insert "three"

Page 2, line 34, after the semicolon, insert "and"

Page 2, line 35, delete "two" and insert "three"

Page 2, line 36, delete everything after "speaker"

Page 3, delete line 1

Page 3, line 2, delete everything before the period

Page 3, delete lines 20 to 26, and insert:

"Subd. 3. [DUTIES OF THE COMMISSIONER AND THE REVIEW COMMITTEE.] (a) The commissioner, in consultation with the game and fish enhancement review committee, shall develop a biennial budget plan for expenditures from the game and fish enhancement account. By August 15 of each even-numbered year, the commissioner shall submit the budget plan to the review committee in a form determined by the committee. By October 1 of each even-numbered year, the review committee shall meet and make recommendations to the commissioner on the budget plan. The review committee may include alternative expenditure items in its recommendations.

(b) In the biennial budget submitted to the legislature, the commissioner shall:

(1) submit separate budget detail for planned expenditures from the game and fish enhancement account; and

(2) include any recommendations of the game and fish enhancement review committee under paragraph (a).

(c) The commissioner shall submit a work program and quarterly progress reports for appropriations from the game and fish enhancement account to the members of the game and fish enhancement review committee in the form determined by the committee. The chair may call quarterly meetings of the review committee to review the progress reports."

Page 3, line 29, after "enactment" insert ", and apply to taxes on sales and uses after December 31, 2000"

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means without further recommendation.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 3742, A bill for an act relating to courts; authorizing use of the Revenue Recapture Act for collection of certain conciliation court judgments; providing for priority of claims; modifying service of process requirements; appropriating money; amending Minnesota Statutes 1998, sections 270A.03, subdivision 7; 270A.04, subdivision 3; 270A.07, subdivision 5; 270A.09, subdivision 1; 270A.10; and 491A.01, subdivision 3; Minnesota Statutes 1999 Supplement, section 270A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 491A.

Reported the same back with the following amendments:

Page 7, line 32, delete "and July 1, 2002, in the"

Page 7, line 33, delete "remaining judicial districts"

Page 7, line 35, delete "a" and insert "the second"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

S. F. No. 3730, A bill for an act relating to public finance; exempting certain bonds from the definition of business subsidy; authorizing certain investments by joint powers investment trusts; exempting certain airport obligations from the public sale requirement; providing for state payment of county debt obligations upon potential default; extending sunsets for self-executing special service district and housing improvement district laws; authorizing special assessments for communications facilities; modifying interest rate requirements; increasing bonding authority for the financing of metropolitan area transit and paratransit capital expenditures; altering qualifications for residential rental bonds; providing that the Uniform Commercial Code does not apply to government security interests; appropriating money; amending Minnesota Statutes 1998, sections 118A.05, subdivision 4; 360.036, subdivision 2; 428A.101; 428A.21; 429.021, subdivision 1; 474A.047, subdivision 1; and 475.78; Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 473.39, subdivision 1g; and 475.56; proposing coding for new law in Minnesota Statutes, chapter 373.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 116J.993, subdivision 3, is amended to read:

Subd. 3. [BUSINESS SUBSIDY.] "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

- (1) a business subsidy of less than \$25,000;
- (2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;
- (5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;
- (6) assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) assistance for housing;
- (8) assistance for pollution control or abatement;
- (9) assistance for energy conservation;
- (10) tax reductions resulting from conformity with federal tax law;
- (11) workers' compensation and unemployment compensation;
- (12) benefits derived from regulation;
- (13) indirect benefits derived from assistance to educational institutions;
- (14) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature.

Sec. 2. Minnesota Statutes 1998, section 428A.101, is amended to read:

428A.101 [SPECIAL SERVICE DISTRICT; SUNSET OF SELF-EXECUTING PROVISIONS.]

The establishment of a new special service district after June 30, ~~2001~~, ~~must be made pursuant to enabling legislation under Minnesota Statutes 1994, sections 428A.01 to 428A.10~~ 2005, requires enactment of a special law authorizing the establishment.

Sec. 3. Minnesota Statutes 1998, section 428A.21, is amended to read:

428A.21 [SUNSET.]

No new housing improvement areas may be established under sections 428A.11 to 428A.20 after June 30, ~~2001~~ 2005. After June 30, ~~2001~~ 2005, a city may establish a housing improvement area, provided that it receives enabling legislation authorizing the establishment of the area.

Sec. 4. Minnesota Statutes 1998, section 429.021, subdivision 1, is amended to read:

Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

- (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.
- (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.
- (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.
- (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.
- (14) To construct, reconstruct, extend, and maintain district heating systems.
- (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.
- (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.
- (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.
- (18) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes.

Sec. 5. [451.10] [DISTRICT HEATING SYSTEM.]

Subdivision 1. [APPLICATION.] Sections 451.10 to 451.17 apply to a city that:

(1) owns and operates a district heating system either directly by the city council or by a utility board or utility commission of the city; and

(2) has taken action under law or charter to discontinue the operation of the district heating system in whole or in part.

Subd. 2. [SUPERSEDES OTHER LAW.] Sections 451.10 to 451.17 apply to the cities described in subdivision 1 notwithstanding a contrary provision in a city charter or in any other law including section 451.09.

Subd. 3. [SUPPLEMENTAL TO OTHER LAW.] The powers granted by sections 451.10 to 451.17 are supplemental and additional to other powers granted by law or charter.

Sec. 6. [451.11] [POLICY; PURPOSE.]

Subdivision 1. [FINDINGS.] The legislature finds that it is in the public interest that cities owning and operating a district heating system that have determined to discontinue the system in whole or in part be authorized to establish and conduct a program to provide replacement heating and related equipment to the owners of property whose district heating service is discontinued. The legislature also finds that the cities should be authorized to adopt and implement programs to provide for the installation of energy conservation equipment and measures to enhance the efficient and economical use of energy in buildings and structures served by a district heating system and in which replacement heating systems are installed under sections 451.10 to 451.17.

Subd. 2. [PUBLIC PURPOSE.] The legislature further finds that expenditures made by cities for a purpose in sections 451.10 to 451.17 are expenditures for a public purpose.

Sec. 7. [451.12] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] In sections 451.10 to 451.17 the definitions in this section apply.

Subd. 2. [CITY.] "City" means a city, however organized, acting through its city council or through a public utilities commission duly created by law or charter.

Subd. 3. [REPLACEMENT HEATING SYSTEM IMPROVEMENT.] "Replacement heating system improvement" means and includes furnaces, boilers, and similar heat generating and exchanging equipment together with related equipment, duct work, and control mechanisms that are installed to provide heating, ventilating, and air conditioning services in a building or structure whose district heating service has been discontinued by a city.

Subd. 4. [ENERGY CONSERVATION IMPROVEMENT.] (a) "Energy conservation improvement" means and includes, but is not limited to, the following devices, methods, and materials, if recommended by an energy audit approved in a program and having a maximum cost of \$20,000, that increase the efficiency of the use of energy in a building or structure:

- (1) insulation and ventilation;
- (2) storm windows, thermal windows, and storm doors;
- (3) caulking and weatherstripping;
- (4) heating system modifications; and
- (5) thermostats or lighting controls.

(b) The term does not include a device or method that creates, converts, or actively uses energy from renewable resources such as wind, solar, or biomass.

Subd. 5. [PROGRAM.] "Program" means a statement of goals, procedures, standards of eligibility, and methods of financing for the installation of heating replacement system improvements and energy conservation improvements.

Subd. 6. [IMPROVEMENT.] "Improvement" includes replacement heating system improvements and energy conservation improvements.

Sec. 8. [451.13] [PROGRAM.]

Subdivision 1. [AFTER NOTICE AND HEARING.] A program may be adopted by resolution of the city council of a city after reasonable notice and hearing provided for by the city council.

Subd. 2. [ELEMENTS.] The program must contain at least the following elements:

- (1) a description of the kinds of property eligible for assistance with heating replacement improvements and energy conservation improvements;
- (2) procedures for accomplishing the improvements by the city or private contractors;
- (3) methods of financing the installation of the heating replacement and energy conservation improvements; and
- (4) the administrative agency of the city responsible for conducting the program.

Subd. 3. [DELEGATION.] The city council may by resolution delegate the responsibility for the conduct of the program to a public utilities commission or public utilities board of the city.

Sec. 9. [451.14] [INSTALLING THE IMPROVEMENTS.]

Subdivision 1. [METHODS.] The program may provide for the methods of installing the improvements set out in this subdivision.

(a) The city may contract with one or more contractors to perform work and furnish materials for the improvements.

(b) The owner of a building or structure eligible for an improvement may contract for the installation of the improvement, subject to approval by the city as provided in the program.

(c) The city may contract with a property owner for the installation of an improvement by the property owner, but no payment under section 451.15 may be made for the property owner's labor.

Subd. 2. [INSPECTION AND CERTIFICATION.] The program must provide a method by which a city official or employee may inspect and is to certify the completed installation of the improvement to ensure compliance with city codes and ordinances and other standards specified in the program.

Subd. 3. [COMPETITIVE BIDS.] Contracts entered into under subdivision 1, paragraph (a), are subject to competitive bidding requirements of law.

Sec. 10. [451.15] [PAYMENTS; FINANCING.]

Subdivision 1. [FINANCING.] The program may include one or more of the methods described in this section for financing the cost of the installation of improvements.

Subd. 2. [CASH.] The city may contract with a property owner for the payment in cash of the cost of the installation of the improvements upon completion of the installation of the improvements. The payment must be secured by:

(1) a deposit with the city of 90 percent of the contract price; or

(2) a written commitment from a bank or other financial institution approved in the program to lend the property owner the full amount of the contract price for payment to the city.

Subd. 3. [PROMISSORY NOTE.] The city may accept payment of the contract price by a promissory note from the property owner delivered at the time of entering into the contract payable at such times, not exceeding ten years, and in the amounts and at the interest rate specified in the program.

Subd. 4. [LIEN AS SECURITY.] The balance of payments due under subdivision 2 and the entire principal of and interest on a promissory note delivered under subdivision 3 are secured by a lien created by this subdivision on the real property on which the improvements are made. If payment is not made according to the terms of the program, or the note, the chief financial officer of the city may certify the entire amount so due to the county auditor for collection as other taxes are collected.

Subd. 5. [SPECIAL ASSESSMENTS.] The program may provide that at the request of the property owner the unpaid cost of the installation of an improvement is to be specially assessed against the real property on which the improvement is installed in the manner provided by section 429.101, except that:

(1) the adoption of an ordinance is not required; and

(2) obligations issued to finance the improvements must mature not later than ten years from the date of their issuance.

Sec. 11. [451.16] [FINANCING; OBLIGATIONS.]

Subdivision 1. [BONDS; OTHER OBLIGATIONS.] In addition to the authority to issue obligations under section 429.101, a city may issue its bonds or other obligations to finance the cost of the installation of improvements as provided in this section.

Subd. 2. [REVENUE OBLIGATIONS.] A city may issue and sell its revenue obligations payable solely from the revenues derived or to be derived from assessments and payments from property owners under section 451.15, which revenues must be pledged to the payment of the obligations. Obligations issued under this subdivision are considered to be payable wholly from the income of a revenue producing convenience within the meaning of sections 475.51 and 475.58.

Subd. 3. [GENERAL OBLIGATIONS.] A city may issue and sell its general obligations under chapter 475, payable from the revenues and assessments derived or to be derived from property owners under section 451.15, which revenues must be pledged to the payment of the obligations. General obligations must not be issued unless the pledged revenues are estimated to equal at least 105 percent of the amount necessary to pay when due the principal of and interest on the obligations. Obligations issued under this subdivision are considered to be payable wholly from the income of a revenue producing convenience within the meaning of sections 475.51 and 475.58.

Sec. 12. [451.17] [CITY OF VIRGINIA.]

The city of Virginia is considered to have complied with section 451.09, notwithstanding section 451.09, subdivision 4.

Sec. 13. [469.1082] [COUNTY ECONOMIC DEVELOPMENT SERVICE PROVIDER; NONMETRO ALTERNATIVE CREATION.]

Subdivision 1. [AUTHORITY TO CREATE.] A county located outside the Minneapolis-St. Paul metropolitan area, as defined by the Bureau of the Census of the United States Department of Commerce, may form a county economic development authority or grant a housing and redevelopment authority the powers specified in subdivision 4, clause (2), if it receives a recommendation to do so from a committee formed under subdivision 2. An economic development authority established under this section has all the powers and rights of an authority under sections 469.090 to 469.1081, except the authority granted under section 469.094 if so limited under subdivision 4. This section is in addition to any other authority to create a county economic development authority or service provider.

Subd. 2. [LOCAL COMMITTEES.] Upon notice to all local government units and development agencies within the county, a county may adopt a resolution to create a committee to recommend options for a county economic development service provider.

The committee shall consist of no fewer than 11 and no more than 15 members appointed by the county board. At least one city official and at least one township official from the county to be served by the county economic service provider must be included on the committee. Members may also represent school districts, political subdivisions that currently provide services under sections 469.001 to 469.047 and 469.090 to 469.1081, nonprofit or for-profit housing and economic development organizations, business, and labor organizations located within the county. Political subdivision representatives must be selected by their local governments and must constitute no more than 50 percent of the total committee membership. The county may appoint no more than two county commissioners. The committee shall select a chair at its initial meeting.

Subd. 3. [COMMITTEE REPORT.] The committee shall issue its report within 90 days of its initial meeting. The committee may request one 60-day extension from the county board. The report must contain the committee's recommendation for the preferred organizational option for a county economic development service provider. The report must contain written findings on issues considered by the committee including, but not limited to, the following:

(1) identification of the current level of economic development, housing, and community development programs and services provided by existing agencies, any existing gaps in programs and services, and the capacity and ability of those agencies to expand their activities; and

(2) the recommended organizational option for providing needed economic development, housing, and community development services in the most efficient, effective manner.

Subd. 4. [ORGANIZATIONAL OPTIONS.] The committee may only recommend:

(1) establishment of a county economic development authority to operate under sections 469.090 to 469.1081, except that the county shall not have the powers of section 469.094 without the consent of an existing county housing and redevelopment authority operating within that county. For the purposes of a county economic development authority's operation, the county is considered to be the municipality and the county board is considered to be the city council;

(2) requiring an existing county housing and redevelopment authority or multicounty housing and redevelopment authority to operate under sections 469.090 to 469.1081;

(3) that the county pursue special legislation; or

(4) no change in the existing structure.

Subd. 5. [AREA OF OPERATION.] The area of operation of a county economic development service provider created under this section includes all cities within a county that have adopted resolutions electing to participate. A city may adopt a resolution electing to withdraw participation. The withdrawal election may be made every fifth year following adoption of the resolution electing participation. The withdrawal election is effective on the anniversary date of the original resolution provided notice is given to the county economic development authority not less than 90 nor more than 180 days prior to that anniversary date. The city electing to withdraw retains any rights, obligations, and liabilities it obtained or incurred during its participation. If a city prohibits a county economic development service provider created under this section from operating within its boundaries, the city's property taxpayers are not subject to the property tax levied for the county economic development service provider.

Subd. 6. [CITY ECONOMIC DEVELOPMENT AUTHORITIES.] If a county economic development service provider has been established under this section, existing city economic development authorities continue to function and operate under sections 469.090 to 469.1081. Additional city economic development authorities may be created within the area of operation of the county economic development service provider created under this section without the explicit concurrence of the county economic development service provider.

Subd. 7. [CONTINUATION OF EXISTING COUNTY AND MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.] Existing county and multicounty housing and redevelopment authorities continue to function and operate under the provisions of sections 469.001 to 469.047.

Sec. 14. Minnesota Statutes 1999 Supplement, section 473.39, subdivision 1g, is amended to read:

Subd. 1g. [OBLIGATIONS; 2000-2002.] In addition to the authority in subdivisions 1a, 1b, 1c, 1d, and 1e, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding ~~\$36,000,000~~ \$55,400,000, which may be used for capital expenditures, other than for construction, maintenance, or operation of light rail transit, as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. The funds must be proportionally spent on capital improvement projects as recommended by the regional transit capital evaluation committee.

Sec. 15. Minnesota Statutes 1999 Supplement, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any municipality issuing obligations under any law may sell original issue discount obligations having a stated principal amount in excess of the authorized amount and the sale price, provided that:

(1) the sale price does not exceed by more than two percent the amount of obligations otherwise authorized to be issued;

(2) the underwriting fee, discount, or other sales or underwriting commission does not exceed two percent of the sale price; and

(3) the discount rate necessary to present value total principal and interest payments over the term of the issue to the sale price does not exceed the lesser of the maximum rate permitted by law for municipal obligations or ten percent.

(c) Any obligation ~~of an issue of obligations otherwise subject to section 475.55, subdivision 1,~~ may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed ~~the any~~ the any maximum rate of interest for the obligations ~~determined in accordance with section 475.55, subdivision 1 established by law.~~ For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is ~~the maximum rate permitted for the obligations under section 475.55, subdivision 1,~~ the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser ~~of the~~ of the maximum rate of interest payable on the obligations in accordance with their terms ~~or the rate estimated for such purpose by the governing body,~~ but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to general obligations issued by a statutory or home rule charter city with a population of less than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency, except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.

Sec. 16. Minnesota Statutes 1998, section 475.78, is amended to read:

475.78 [PERFECTION OF PLEDGE; SECURITY INTERESTS.]

Neither filing nor possession is required to perfect the security interest created by any pledge or appropriation of revenues or funds of the municipality, including any of its investments, to the payment of bonds issued by the municipality. Notwithstanding any contrary provision of law, article 9 of the Uniform Commercial Code does not apply to security interests created by a municipality or the state, except security interests in equipment and fixtures.

Sec. 17. [YELLOW MEDICINE COUNTY; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.]

Subdivision 1. [ESTABLISHMENT.] The board of county commissioners of Yellow Medicine county may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The county economic development authority may create and define the boundaries of economic development districts at any place or places within the county, provided that a project as recommended by the county authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 2. [POWERS.] If an economic development authority is established as provided in subdivision 1, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, or other law, including the power to levy a tax to support the activities of the authority.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day after the governing body of Yellow Medicine county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. [REPLACEMENT TRANSIT SERVICE; ELIGIBILITY.]

(a) Notwithstanding the eligibility requirements in Minnesota Statutes, section 473.388, subdivision 2, the city of Minnetonka is eligible for the replacement service program under Minnesota Statutes, section 473.388, if the city first applies for assistance or exercises the local levy option under Minnesota Statutes, section 473.388, before June 30, 2003.

(b) Notwithstanding the eligibility requirements in Minnesota Statutes, section 473.388, subdivision 2, the city of Shorewood is eligible for the replacement service program under Minnesota Statutes, section 473.388, if the city first applies for assistance or exercises the local levy option under Minnesota Statutes, section 473.388, before June 30, 2003.

Sec. 19. [800-MHZ TRUNKED SYSTEM RADIOS.]

Subdivision 1. [800-MHZ RADIO CONTRACT.] For purposes of this section "800-MHZ radio contract" means a contract awarded by a state agency for the purchase of radios for use with the infrastructure system architecture and software of the 800-MHZ trunked radio system.

Subd. 2. [SOURCE CODE.] (a) An entity holding the source code for the system architecture and its software applications may not submit a bid for an 800-MHZ radio contract unless the entity has furnished the source code to the commissioner of administration within 60 days of the effective date of this section. The commissioner of administration shall disclose and provide access to the source code only to bidders on an 800-MHZ radio contract

who are signatories to the share technology agreement, APCO Project 25, which are standards of the Association of Public Safety Commission Officers, and only to the extent the commissioner deems necessary to allow those bidders to operate with the system's architecture.

(b) For purposes of Minnesota Statutes, section 13.37, the source code is trade secret information except as provided in paragraph (a).

Subd. 3. [CONTRACT REQUIREMENTS.] (a) An agency may not award an 800-MHZ radio contract if the radios to be purchased under that contract may only be operated using software and equipment provided by the entity holding the source code for the system architecture and software applications.

(b) An agency issuing a request for bids, as defined in Minnesota Statutes, section 16C.02, subdivision 11, for an 800-MHZ radio contract may not issue the request for bids until at least 90 days after the source code has been provided to the commissioner of administration under subdivision 2.

Sec. 20. [APPLICATION.]

Section 14 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 21. [NO LOCAL APPROVAL; EFFECTIVE DATE.]

Sections 5 to 12 do not require local approval as it fits within the exception in section 645.023, subdivision 1, clause (a). Sections 5 to 12 are effective the day after final enactment.

Sec. 22. [EFFECTIVE DATE.]

Section 19 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public finance; exempting certain bonds from the definition of business subsidy; extending sunsets for self-executing special service district and housing improvement district laws; authorizing special assessments for communications facilities; providing for replacement heating systems and related energy conservation measures in cities discontinuing district heating systems; authorizing establishment of nonmetropolitan county economic development authorities; providing for additional bonding authority for the financing of metropolitan area transit and paratransit capital expenditures; modifying interest rate requirements; providing that the Uniform Commercial Code does not apply to government security interests; allowing Yellow Medicine county to establish an economic development authority; allowing certain cities to be eligible for replacement transit service; regulating 800-MHZ radio contract requirements; appropriating money; amending Minnesota Statutes 1998, sections 428A.101; 428A.21; 429.021, subdivision 1; and 475.78; Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 473.39, subdivision 1g; and 475.56; proposing coding for new law in Minnesota Statutes, chapters 451; and 469."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 3075 and 3234 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 173, 887, 1870, 2200, 2845, 2848, 2851, 2987, 3002, 3116 and 3150 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Peterson introduced:

H. F. No. 4135, A bill for an act relating to crime; requiring law enforcement agencies to report to schools when they have probable cause to believe a student has committed an underage drinking and driving violation; amending Minnesota Statutes 1998, section 121A.28.

The bill was read for the first time and referred to the Committee on Crime Prevention.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 3134, A bill for an act relating to natural resources; modifying authority of the metropolitan mosquito control commission to enter certain lands; amending Minnesota Statutes 1998, section 473.704, subdivision 17.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 2451, A bill for an act relating to telecommunications; modifying telephone company property depreciation provisions; amending Minnesota Statutes 1998, section 237.22; repealing Minnesota Statutes 1998, section 237.773, subdivision 5; Minnesota Rules, parts 7810.7000; 7810.7100; 7810.7200; 7810.7300; 7810.7400; 7810.7500; 7810.7600; 7810.7700; 7810.7800; 7810.7900; and 7810.8000.

The Senate has appointed as such committee:

Senators Novak; Kelley, S. P., and Ourada.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 3505, A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

The Senate has appointed as such committee:

Senators Oliver, Scheid and Wiener.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 3800, A bill for an act relating to education; providing for family and early childhood education; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; transferring energy assistance programs; changing eligibility for individual development accounts; changing requirements for child care assistance; providing for kindergarten through grade 12 general education, special programs, employment and transitions, facilities and technology, educational excellence and other policy, nutrition, fund transfers, libraries, and technical, conforming, and clarifying amendments; providing for higher education; modifying salary and compensation procedures for the chancellor and other personnel of the Minnesota state colleges and universities; requiring board of regents and board of trustees to maintain certain data to be eligible for capital funding; modifying and making technical changes for state designer selection board, student residency, and child care grant provisions; increasing aggregate principal amount of revenue bonds issued by board of trustees; requiring a study and report; modifying state graduation requirements; providing for the North Star Standard alternative to the profile of learning; requiring board of trustees to plan and coordinate programs with certain intermediate school districts and to provide relief to campuses experiencing increased health care costs; transferring certain programs from the higher education services office to the department of children, families, and learning; appropriating money to Minnesota state colleges and universities to fund increased enrollment; appropriating money; amending Minnesota Statutes 1998, sections 15A.081, subdivision 7b, and by adding a subdivision; 16B.33, subdivisions 2 and 3a; 120A.22, subdivision 3; 120A.41; 120B.03, subdivisions 1 and 3; 121A.61, subdivision 3; 122A.18, subdivision 2; 122A.31, subdivision 4; 123A.06, by adding a subdivision; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.53, by adding subdivisions; 123B.59, subdivision 6, and by adding subdivisions; 123B.71, subdivisions 3 and 10; 123B.75, subdivision 5; 123B.79,

subdivision 7; 123B.85, subdivision 1; 123B.86, subdivision 1; 123B.88, subdivision 3; 124D.081, subdivision 6; 124D.111, subdivision 1; 124D.128, subdivision 4; 124D.44; 124D.454, subdivisions 2 and 10; 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; 124D.86, subdivision 6, and by adding subdivisions; 125A.76, subdivision 7; 126C.10, by adding a subdivision; 126C.12, subdivision 2; 126C.40, subdivision 1, and by adding a subdivision; 126C.69, subdivision 3; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 127A.48, subdivision 1; 135A.031, subdivision 2; 136A.125, by adding a subdivision; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 136F.40; 136F.98, subdivision 1; 245A.14, subdivision 4, and by adding subdivisions; 471.15; and 475.53, subdivision 4; Minnesota Statutes 1999 Supplement, sections 119B.011, subdivision 20; 120B.02; 120B.30, subdivision 1; 122A.09, subdivision 4; 123B.53, subdivisions 4, 6, and by adding subdivisions; 123B.54; 123B.59, subdivision 6, and by adding subdivisions; 124D.10, subdivisions 3, 4, 6, 8, 10, 11, 14, 15, and 23; 124D.11, subdivisions 1, 4, and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.453, subdivision 3; 124D.53, subdivision 3; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 125A.023, subdivisions 3 and 5; 125A.08; 125A.15; 125A.76, subdivision 2; 125A.79, subdivision 8; 125A.80; 125B.21, subdivision 3; 126C.052; 126C.10, subdivisions 1, 2, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44; 126C.63, subdivision 8; 126C.69, subdivision 9; 127A.45, subdivision 12a; 127A.51; 181A.04, subdivision 6; 260C.143, subdivision 4; and 290.0674, subdivision 1; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; 11, subdivision 2, as amended; Laws 1999, chapter 205, article 1, sections 65; 71, subdivisions 3, 7, and 9; article 2, section 4, subdivisions 2, 3, and 4; article 3, section 5, subdivision 9; article 4, section 12, subdivisions 5, 6, and 7; chapter 241, article 1, sections 66; 68, subdivisions 4 and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 2 and 4; 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 7, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 8, section 4, subdivision 5; article 9, section 49; article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 16A; 120B; 121A; 122A; 123B; 124D; 125B; 134; repealing Minnesota Statutes 1998, sections 120B.03, subdivision 2; 120B.04; 123B.59, subdivision 7; 124D.453; 124D.53; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; 136D.281, subdivision 8; 136D.741, subdivision 8; and 136D.88, subdivision 8; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended; Laws 1999, chapters 216, article 4, section 12; 241, article 1, section 64; article 9, sections 35 and 36; article 10, section 5; and 245, article 4, section 3; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320, subpart 2, items E and F; 3501.0330; 3501.0340; 3501.0350; 3501.0360; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0430, items A to D; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469; 3535.9920; and 4830.9005 to 4830.9030.

The Senate has appointed as such committee:

Senators Pogemiller, Robertson, Piper, Wiener and Knutson.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 4127, A bill for an act relating to financing state and local government; providing a sales tax rebate; extending the time to qualify for and making certain other changes to the 1999 sales tax rebate; providing agricultural assistance; reducing individual income tax rates; making changes to income, franchise, withholding,

sales and use, property, motor vehicle sales and registration, mortgage registry, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, taconite production, solid waste, estate, and special taxes; changing and allowing tax credits, subtractions, and exemptions; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; authorizing certain light rail transit spending if approved by the voters; reducing rates of health care provider taxes; reducing rates on lawful gambling and solid waste management taxes; changing tax increment financing provisions; providing special authority for certain political subdivisions; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; changing revenue recapture provisions; freezing the taconite production tax; regulating state and local business subsidies; modifying certain aids to local units of government; recodifying sales and use taxes; recodifying insurance tax laws; establishing a legislative budget office; validating corporations established by political subdivisions and regulating their financing; changing county reporting requirements; providing certain duties and powers to the commissioner of revenue, the state auditor, and to the attorney general; defining terms; classifying data; requiring studies; providing for the transfer of excess surplus in the workers' compensation assigned risk plan; appropriating money; amending Minnesota Statutes 1998, sections 3.98, subdivision 3; 8.30; 16A.46; 37.13; 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.15, subdivision 1; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 115A.557, subdivision 3; 115A.69, subdivision 6; 116A.25; 126C.01, by adding a subdivision; 126C.17, subdivision 10; 176A.08; 238.08, subdivision 3; 270.063, by adding a subdivision; 270.072, subdivision 2, and by adding a subdivision; 270A.03, subdivision 7; 270A.07, subdivision 1; 273.111, subdivision 3; 273.124, by adding a subdivision; 273.125, subdivision 8; 273.37, subdivision 3; 275.065, subdivisions 3, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1b; 275.70, by adding a subdivision; 275.72, subdivisions 1 and 3; 276.19, subdivision 1; 289A.08, by adding a subdivision; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.31, subdivision 7; 289A.35; 289A.60, subdivisions 1 and 14; 290.01, subdivisions 19c and 19d; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22, and by adding subdivisions; 290.0671, subdivision 6; 290.0672, subdivisions 1 and 2; 290.0673, subdivision 8; 290.17, subdivision 2; 290.35, subdivisions 2, 3, and 6; 290.92, subdivisions 3, 28, and 29; 290B.04, by adding a subdivision; 290B.05, subdivision 3; 290B.07; 290B.08, subdivisions 1 and 2; 290B.09, subdivision 2; 295.50, subdivision 9b; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.01, subdivisions 13, 15, 16, and by adding a subdivision; 297A.15, by adding a subdivision; 297A.25, subdivisions 5, 16, 34, 62, 76, and by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297E.02, by adding a subdivision; 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2; 297H.13, subdivisions 2, 4, and by adding a subdivision; 360.035; 424.165; 429.011, subdivisions 2a and 5; 429.021, subdivision 1; 429.031, subdivision 1; 458A.09; 458A.30; 458D.23; 469.040, by adding a subdivision; 469.115; 469.127; 469.1734, subdivision 4; 469.174, subdivisions 9, 10, 11, 12, 14, and 22; 469.175, subdivisions 1a, 2, 2a, 3, 4, 5, and 6; 469.176, subdivisions 1b and 4d; 469.1761, subdivision 4; 469.1763, subdivision 2, and by adding a subdivision; 469.177, subdivision 1; 469.1813, subdivision 4; 473.388, subdivisions 4 and 7; 473.446, subdivision 1, and by adding a subdivision; 473.448; 473.545; 473.608, subdivision 2; and 477A.06, subdivision 3; Minnesota Statutes 1999 Supplement, sections 16D.09, subdivision 2; 43A.23, subdivision 1; 60A.19, subdivision 6; 116J.993, subdivision 3; 116J.994, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9; 116J.995; 168.012, subdivision 1; 270.65; 270A.03, subdivision 2; 270A.07, subdivision 2; 272.02, subdivision 39, and by adding a subdivision; 273.11, subdivision 1a; 273.124, subdivisions 1, 8, and 14; 273.13, subdivisions 22, 23, 24, 25, and 31; 273.1382, subdivisions 1, 1a, and 1b; 273.1398, subdivisions 1a and 4a; 275.065, subdivision 5a; 275.70, subdivision 5; 275.71, subdivisions 2, 3, and 4; 287.01, subdivision 2; 289A.02, subdivision 7; 289A.20, subdivision 4; 289A.55, subdivision 9; 290.01, subdivisions 19, 19b, and 31; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.0674, subdivision 2; 290.0675, subdivisions 1, 2, and 3; 290.091, subdivisions 1, 2, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290A.03, subdivision 15; 290B.03, subdivision 1; 290B.05, subdivision 1; 291.005, subdivision 1; 295.52, subdivision 7; 295.53, subdivision 1; 297A.25, subdivisions 9 and 11; 297E.02, subdivisions 1, 4, and 6; 297F.08, subdivision 8a; 297H.05; 298.24, subdivision 1; 383D.74, subdivision 2; 469.101, subdivision 2; 469.1771, subdivision 1; 469.1813, subdivisions 1 and 6; 477A.011, subdivision 36; 477A.03, subdivision 2; 477A.06, subdivision 1; and 505.08,

subdivision 3; Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5; Laws 1988, chapter 645, section 3, as amended; Laws 1995, First Special Session chapter 3, article 15, section 25; Laws 1997, chapter 231, article 1, section 19, subdivisions 1, as amended, and 3, as amended; Laws 1999, chapter 112, section 1, subdivision 1; Laws 1999, chapter 243, article 1, section 2; article 6, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 273; 278; 297A; 465; and 473; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198, subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; 273.13, subdivision 24a; 273.1316; 297A.01; 297A.02; 297A.022; 297A.023; 297A.03; 297A.04; 297A.041; 297A.06; 297A.065; 297A.07; 297A.09; 297A.10; 297A.11; 297A.12; 297A.13; 297A.135; 297A.14; 297A.141; 297A.15; 297A.16; 297A.17; 297A.18; 297A.21; 297A.211; 297A.213; 297A.22; 297A.23; 297A.24; 297A.25; 297A.2531; 297A.2545; 297A.255; 297A.256; 297A.2571; 297A.2572; 297A.2573; 297A.259; 297A.26; 297A.28; 297A.33, subdivision 2; 297A.44, subdivision 1; 297A.46; 297A.47; 297A.48; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; 299F.26; 465.715, subdivisions 1, 2, and 3; 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; 469.175, subdivision 6a; and 469.176, subdivision 4a; Minnesota Statutes 1999 Supplement, sections 290.06, subdivision 26; 290.9726, subdivision 7; and 465.715, subdivision 1a; Minnesota Rules, parts 2765.1500, subpart 6; and 8160.0300, subpart 4.

The Senate has appointed as such committee:

Senators Johnson, D. J.; Belanger; Hottinger; Vickerman and Pappas.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2803, A bill for an act relating to courts; authorizing court reporters in certain judicial districts to organize under the Public Employment Labor Relations Act; amending Minnesota Statutes 1999 Supplement, sections 179A.03, subdivision 14; and 179A.101, subdivisions 1 and 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Smith moved that the House concur in the Senate amendments to H. F. No. 2803 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2803, A bill for an act relating to courts; authorizing court reporters in certain judicial districts to organize under the Public Employment Labor Relations Act; amending Minnesota Statutes 1999 Supplement, sections 179A.03, subdivision 14; and 179A.101, subdivisions 1 and 2.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Howes	Luther	Paymar	Swapinski
Abrams	Dorn	Huntley	Mahoney	Pelowski	Swenson
Anderson, B.	Entenza	Jaros	Mares	Peterson	Sykora
Anderson, I.	Erickson	Jennings	Marko	Pugh	Tingelstad
Bakk	Finseth	Johnson	McCollum	Reuter	Tomassoni
Biernat	Folliard	Juhnke	McElroy	Rhodes	Trimble
Boudreau	Fuller	Kahn	McGuire	Rifenberg	Tuma
Bradley	Gleason	Kalis	Milbert	Rostberg	Tunheim
Broecker	Goodno	Kelliher	Molnau	Rukavina	Van Dellen
Buesgens	Greiling	Kielkucki	Mulder	Schumacher	Vandever
Carlson	Gunther	Knoblach	Mullery	Seagren	Wagenius
Carruthers	Haake	Koskinen	Ness	Seifert, J.	Wenzel
Cassell	Haas	Kubly	Nornes	Seifert, M.	Westerberg
Chaudhary	Hackbarth	Kuisle	Opatz	Skoe	Westfall
Clark, J.	Harder	Larson, D.	Oskopp	Skoglund	Westrom
Daggett	Hasskamp	Leighton	Osthoff	Smith	Wilkin
Davids	Hausman	Lenczewski	Otremba	Solberg	Winter
Dawkins	Hilty	Leppik	Ozment	Stanek	Wolf
Dehler	Holberg	Lieder	Paulsen	Stang	Spk. Sviggum
Dempsey	Holsten	Lindner	Pawlenty	Storm	

Those who voted in the negative were:

Gerlach

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2671, A bill for an act relating to human services; mental retardation protection; requiring legislative recommendations.

PATRICK E. FLAHAVEN, Secretary of the Senate

Bradley moved that the House refuse to concur in the Senate amendments to H. F. No. 2671, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2563, A bill for an act relating to liens; modifying mechanics' lien penalties; creating a civil cause of action; authorizing attorney fees; providing that proceeds are exempt from execution; imposing criminal penalties; amending Minnesota Statutes 1998, sections 514.02, subdivision 1, and by adding a subdivision; and 550.37, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Storm moved that the House refuse to concur in the Senate amendments to H. F. No. 2563, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 3412, A bill for an act relating to insurance; removing certain state involvement with the state fund mutual insurance company; repealing Minnesota Statutes 1998, sections 79.371; 176A.01; 176A.02; 176A.03; 176A.04; 176A.05; 176A.06; 176A.07; 176A.08; 176A.09; 176A.10; 176A.11; and 176A.12.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Novak, Price and Stumpf.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Paulsen moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 3412. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2877, 2659, 3178, 3387, 3107, 2594, 2456, 2826, 3346, 2484 and 2655.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2877, A bill for an act relating to natural resources; adding to the Iron Range off-highway vehicle state recreation area; extending the availability of a previous appropriation.

The bill was read for the first time.

Hackbarth moved that S. F. No. 2877 and H. F. No. 3328, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2659, A bill for an act relating to crime prevention; imposing felony penalties on persons convicted of a fourth or more impaired driving offense within a ten-year period; providing a sunset for the felony penalties; requiring studies and reports to the legislature; appropriating money; amending Minnesota Statutes 1998, sections 169.121, subdivision 3b; and 169.129, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; and 609.135, subdivision 2.

The bill was read for the first time and referred to the Committee on Ways and Means.

S. F. No. 3178, A bill for an act relating to public safety; authorizing commissioner of public safety to award public safety grants; continuing certain rule authority of commissioner of public safety; changing per diem payments to members of the board of private detectives and protective agents; requiring changes in rules regarding training programs; amending Minnesota Statutes 1998, sections 299A.01, subdivision 2, and by adding a subdivision; 326.33, subdivision 6; and 326.3361, subdivision 1.

The bill was read for the first time.

Hilty moved that S. F. No. 3178 and H. F. No. 3550, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3387, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, unintended results, and technical errors in human services and prekindergarten-grade 12 education code; appropriating money; amending Minnesota Statutes 1998, sections 125A.21, subdivision 1; and 256B.501, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 124D.65, subdivision 4; 126C.052; 126C.10, subdivisions 2 and 23; 126C.12, subdivision 1; and 256B.77, subdivision 10; Laws 1999, chapters 241, articles 1, section 70; and 4, section 29; 245, articles 1, section 3, subdivision 2; and 4, section 121; repealing Laws 1999, chapter 241, article 10, section 5.

The bill was read for the first time.

Goodno moved that S. F. No. 3387 and H. F. No. 3652, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3107, A bill for an act relating to human services; modifying provisions for family and adult self-sufficiency; amending Minnesota Statutes 1998, sections 256D.425, subdivision 1; 256J.08, by adding a subdivision; 256J.39, subdivision 2; 256J.42, by adding a subdivision; 256J.48, by adding a subdivision; 256J.49, subdivisions 2, 13, and by adding a subdivision; 256J.50, subdivisions 5, 10, and by adding a subdivision; and 256J.52, subdivisions 2 and 6; Minnesota Statutes 1999 Supplement, sections 256.98, subdivision 8; 256J.08, subdivision 55a; 256J.21, subdivision 2; 256J.24, subdivision 2; 256J.32, subdivision 4; 256J.42, subdivision 1;

256J.45, subdivisions 1 and 2; 256J.46, subdivision 1; 256J.515; 256J.52, subdivisions 3 and 5; 256J.56; and 256J.62, subdivision 9; repealing Minnesota Statutes 1998, sections 256J.08, subdivision 50a; 256J.42, subdivision 3; and 256J.49, subdivision 11; Minnesota Statutes 1999 Supplement, sections 256J.42, subdivisions 4 and 5; 256J.43; and 256J.52, subdivision 5a.

The bill was read for the first time.

Goodno moved that S. F. No. 3107 and H. F. No. 3301, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2594, A bill for an act relating to retirement; establishing a health care reimbursement plan for retirees of retirement funds administered by the Minnesota state retirement system; establishing a task force to study postretirement and active employee health care for all public employees; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 352G.

The bill was read for the first time and referred to the Committee on State Government Finance.

S. F. No. 2456, A bill for an act relating to local government; authorizing Wright county to convey certain county ditches to the cities of St. Michael and Albertville.

The bill was read for the first time.

Anderson, B., moved that S. F. No. 2456 and H. F. No. 3786, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2826, A bill for an act relating to public employment; ratifying certain labor agreements; making technical changes to the Public Employment Labor Relations Act; amending Minnesota Statutes 1998, sections 15A.0815, subdivisions 2 and 3; 85A.02, subdivision 5a; 179A.18, subdivision 1; and 349A.02, subdivision 1; Minnesota Statutes 1999 Supplement, section 179A.04, subdivision 3.

The bill was read for the first time and referred to the Committee on State Government Finance.

S. F. No. 3346, A bill for an act relating to real property; requiring the secretary of state to establish a task force to study and make recommendations on electronic filing of real estate documents.

The bill was read for the first time.

Pawlenty moved that S. F. No. 3346 and H. F. No. 3424, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2484, A bill for an act relating to traffic regulations; requiring vehicles to be driven in the right-hand lane unless overtaking slower vehicles; modifying school zone speed limit provisions; amending Minnesota Statutes 1998, sections 169.14, subdivisions 4 and 5a; and 169.18, subdivision 7.

The bill was read for the first time.

Tomassoni moved that S. F. No. 2484 and H. F. No. 3091, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2655, A bill for an act relating to taxation; recodifying insurance tax laws; providing for civil and criminal penalties; appropriating money; amending Minnesota Statutes 1998, sections 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 176A.08; 290.35, subdivisions 2, 3, and 6; 295.58; and 424.165; Minnesota Statutes 1999 Supplement, sections 43A.23, subdivision 1; and 60A.19, subdivision 6; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198, subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; and 299F.26; Minnesota Rules, part 2765.1500, subpart 6.

The bill was read for the first time.

Paulsen moved that S. F. No. 2655 and H. F. No. 3075, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Pawlenty from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day, immediately following the remaining bills on the Calendar for the Day, for Monday, April 3, 2000:

H. F. No. 2610; S. F. Nos. 3455 and 3423; H. F. No. 3491; and S. F. Nos. 2989, 3701, 551, 3478 and 3566.

CALENDAR FOR THE DAY

S. F. No. 2951 was reported to the House.

Larsen, P., moved that S. F. No. 2951 be temporarily laid over on the Calendar for the Day. The motion prevailed.

S. F. No. 2796 was reported to the House.

Mares moved to amend S. F. No. 2796 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2999, the first engrossment:

"ARTICLE 1

ACTUARIAL ASSET VALUE CHANGE, ACTUARIAL ASSUMPTION CHANGES, ACTUARIAL METHOD CHANGES, AND ACTUARIAL REPORTING COST ALLOCATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), its appropriate portion of the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial

experience studies. The total assessment is 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including ~~the~~ any public employees police and fire plan consolidation accounts of the public employees retirement association established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, annual experience data collection and processing, and quadrennial experience studies and quadrennial projection valuations.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

~~(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:~~

~~(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).~~

~~(ii) 62.13 percent is the total additional per-pension plan charge, of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14) based on each plan's proportion of the actuarial services required, as determined by the commission's retained actuary, to complete the actuarial valuation calculations, annual experience data collection and processing, and quadrennial experience studies for all plans.~~

(b) The assessment must be made within 30 days following the completion of the actuarial valuation calculations and ~~the~~ applicable experience analysis and must be reported to the executive director of the legislative commission on pensions and retirement and to the chief administrative officers of the applicable retirement plans. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be transmitted to the executive director of the legislative commission on pensions and retirement and must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1998, section 16A.055, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT FUND REPORTING.] (a) The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

(b) The commissioner may contract with the consulting actuary retained by the legislative commission on pensions and retirement for the preparation of quadrennial projection valuations as required under section 356.215, subdivisions 2 and 2a. The initial projection valuation under this paragraph, if any, is due on May 1, 2003, and subsequent projection valuations are due on May 1 each fourth year thereafter. The commissioner of finance shall assess the applicable statewide and major local retirement plan or plans the cost of the quadrennial projection valuation.

Sec. 3. Minnesota Statutes 1998, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms in the following paragraphs have the meaning given:

~~(1)~~ (b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

~~(2)~~ (c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

~~(3)~~ (d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

~~(4)~~ (e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

~~(5)~~ (f) "Current assets" means:

(1) for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;

(2) for the July 1, 2000, actuarial valuation, the market value of all assets as of June 30, 2000, reduced by:

(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and

(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(3) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

(4) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

(5) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

~~(6)~~ (g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

~~(7)~~ (h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 4. Minnesota Statutes 1998, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal:

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7);; and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which it the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

~~(b) Subd. 2a.~~ [PROJECTION VALUATION REQUIREMENTS.] A quadrennial projection valuation required under ~~paragraph (a) subdivision 2~~ is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with ~~the executive director of the legislative commission on pensions and retirement~~, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the ~~commission~~ commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Sec. 5. Minnesota Statutes 1998, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	5.0 <u>6.0</u> %
correctional state employees retirement plan	8.5	5.0 <u>6.0</u>
state patrol retirement plan	8.5	5.0 <u>6.0</u>
legislators retirement plan	8.5	5.0 <u>6.0</u>
elective state officers retirement plan	8.5	5.0 <u>6.0</u>
judges retirement plan	8.5	5.0 <u>6.0</u>
general public employees retirement plan	8.5	5.0 <u>6.0</u>

public employees police and fire retirement plan	8.5	5.0 <u>6.0</u>
local government correctional service retirement plan	8.5	5.0 <u>6.0</u>
teachers retirement plan	8.5	5.0 <u>6.0</u>
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	7.5
Minneapolis police relief association	6.0	6.0
other local police relief associations	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighter relief associations	5.0	5.0
local monthly benefit volunteer firefighter relief associations	5.0	5.0

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis employees retirement plan	4.0
Minneapolis police relief association	4.0
other local police relief associations	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighter relief associations	3.5

(2) modified single rate future salary increase assumption

<u>plan</u>	<u>future salary increase assumption</u>
<u>Minneapolis employees retirement plan</u>	<u>prior calendar year amount increased by 1.0198 percent to prior fiscal year date and by 4.0 percent annually for each future year</u>

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	<u>select calculation and assumption A</u>
correctional state employees retirement plan	assumption A <u>H</u>
state patrol retirement plan	assumption A <u>H</u>
general public employees retirement plan	<u>select calculation and assumption B</u>

public employees police and fire
fund retirement plan assumption C
 local government correctional service
 retirement plan assumption E H
 teachers retirement plan assumption D
 Duluth teachers retirement plan assumption E
 Minneapolis teachers retirement plan assumption F
 St. Paul teachers retirement plan assumption G

select calculation:
during the ten-year select period, 0.2 percent is
multiplied by the result of ten minus T, where T is
the number of completed years of service, and is added
to the applicable future salary increase assumption.
future salary increase assumption:

age	A	B	C	D	E	F	G	H
16	7.2500 <u>6.95</u>	8.71 <u>6.95</u>	11.50%	7.25 <u>8.20</u>	8.00%	7.50%	7.25%	<u>7.7500</u>
17	7.2500 <u>6.90</u>	8.71 <u>6.90</u>	11.50	7.25 <u>8.15</u>	8.00	7.50	7.25	<u>7.7500</u>
18	7.2500 <u>6.85</u>	8.70 <u>6.85</u>	11.50	7.25 <u>8.10</u>	8.00	7.50	7.25	<u>7.7500</u>
19	7.2500 <u>6.80</u>	8.70 <u>6.80</u>	11.50	7.25 <u>8.05</u>	8.00	7.50	7.25	<u>7.7500</u>
20	7.2500 <u>6.75</u>	7.70 <u>6.75</u>	11.50	7.25 <u>8.00</u>	8.00	7.50	7.25	<u>7.7500</u>
21	7.1454 <u>6.70</u>	7.70 <u>6.70</u>	11.50	7.25 <u>7.95</u>	8.00	7.50	7.25	<u>7.1454</u>
22	7.1094 <u>6.65</u>	7.70 <u>6.65</u>	11.00	7.25 <u>7.90</u>	8.00	7.50	7.25	<u>7.0725</u>
24	7.0363 <u>6.66</u>	7.70 <u>6.55</u>	10.00	7.15 <u>7.80</u>	7.80	7.30	7.20	<u>7.0363</u>
25	7.0000 <u>6.50</u>	7.60 <u>6.50</u>	9.50	7.10 <u>7.75</u>	7.70	7.20	7.15	<u>7.0000</u>
26	7.0000 <u>6.45</u>	7.51 <u>6.45</u>	9.20	7.05 <u>7.70</u>	7.60	7.10	7.10	<u>7.0000</u>
27	7.0000 <u>6.40</u>	7.39 <u>6.40</u>	8.90	7.00 <u>7.65</u>	7.50	7.00	7.05	<u>7.0000</u>
28	7.0000 <u>6.35</u>	7.30 <u>6.35</u>	8.60	7.00 <u>7.60</u>	7.40	6.90	7.00	<u>7.0000</u>
29	7.0000 <u>6.30</u>	7.20 <u>6.30</u>	8.30	7.00 <u>7.55</u>	7.30	6.80	6.95	<u>7.0000</u>
30	7.0000 <u>6.25</u>	7.20 <u>6.30</u>	8.00	7.00 <u>7.50</u>	7.20	6.70	6.90	<u>7.0000</u>
31	7.0000 <u>6.20</u>	7.10 <u>6.25</u>	7.80	7.00 <u>7.45</u>	7.10	6.60	6.85	<u>7.0000</u>
32	7.0000 <u>6.15</u>	7.10 <u>6.21</u>	7.60	7.00 <u>7.40</u>	7.00	6.50	6.80	<u>7.0000</u>
33	7.0000 <u>6.10</u>	7.00 <u>6.17</u>	7.40	7.00 <u>7.30</u>	6.90	6.40	6.75	<u>7.0000</u>
34	7.0000 <u>6.05</u>	7.00 <u>6.09</u>	7.20	7.00 <u>7.10</u>	6.80	6.30	6.70	<u>7.0000</u>

35	7.0000 <u>6.00</u>	6.90 <u>6.05</u>	7.00	7.00	6.70	6.20	6.65	<u>7.0000</u>
36	6.9019 <u>6.95</u>	6.80 <u>6.01</u>	6.80	7.00 <u>6.85</u>	6.60	6.10	6.60	<u>6.9019</u>
37	6.8074 <u>5.90</u>	6.70 <u>5.97</u>	6.60	7.00 <u>6.70</u>	6.50	6.00	6.55	<u>6.8074</u>
38	6.7125 <u>5.85</u>	6.60 <u>5.93</u>	6.40	6.90 <u>6.55</u>	6.40	5.90	6.50	<u>6.7125</u>
39	6.6054 <u>5.80</u>	6.50 <u>5.89</u>	6.20	6.80 <u>6.40</u>	6.30	5.80	6.40	<u>6.6054</u>
40	6.5000 <u>5.75</u>	6.40 <u>5.85</u>	6.00	6.70 <u>6.25</u>	6.20	5.70	6.30	<u>6.5000</u>
41	6.3540 <u>5.70</u>	6.30 <u>5.81</u>	5.90	6.60 <u>6.10</u>	6.10	5.60	6.20	<u>6.3540</u>
42	6.2087 <u>5.65</u>	6.30 <u>5.77</u>	5.80	6.50 <u>5.95</u>	6.00	5.50	6.10	<u>6.2087</u>
43	6.0622 <u>5.60</u>	6.30 <u>5.73</u>	5.70	6.35 <u>5.80</u>	5.90	5.45	6.00	<u>6.0622</u>
44	5.9048 <u>5.55</u>	6.20 <u>5.69</u>	5.60	6.20 <u>5.65</u>	5.80	5.40	5.90	<u>5.9048</u>
45	5.7500 <u>5.50</u>	6.20 <u>5.65</u>	5.50	6.05 <u>5.50</u>	5.70	5.35	5.80	<u>5.7500</u>
46	5.6940 <u>5.45</u>	6.09 <u>5.62</u>	5.45	5.90 <u>5.45</u>	5.60	5.30	5.70	<u>5.6940</u>
47	5.6375 <u>5.40</u>	6.00 <u>5.59</u>	5.40	5.75 <u>5.40</u>	5.50	5.25	5.65	<u>5.6375</u>
48	5.5822 <u>5.35</u>	5.90 <u>5.56</u>	5.35	5.70 <u>5.35</u>	5.45	5.20	5.60	<u>5.5822</u>
49	5.5405 <u>5.30</u>	5.80 <u>5.53</u>	5.30	5.65 <u>5.30</u>	5.40	5.15	5.55	<u>5.5405</u>
50	5.5000 <u>5.25</u>	5.70 <u>5.50</u>	5.25	5.60 <u>5.25</u>	5.35	5.10	5.50	<u>5.5000</u>
51	5.4384 <u>5.20</u>	5.70 <u>5.45</u>	5.25	5.55 <u>5.20</u>	5.30	5.05	5.45	<u>5.4384</u>
52	5.3776 <u>5.15</u>	5.70 <u>5.40</u>	5.25	5.50 <u>5.15</u>	5.25	5.00	5.40	<u>5.3776</u>
53	5.3167 <u>5.10</u>	5.70 <u>5.35</u>	5.25	5.45 <u>5.10</u>	5.25	5.00	5.35	<u>5.3167</u>
54	5.2826 <u>5.05</u>	5.70 <u>5.30</u>	5.25	5.40 <u>5.05</u>	5.25	5.00	5.30	<u>5.2826</u>
55	5.2500 <u>5.00</u>	5.70 <u>5.25</u>	5.25	5.35 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
56	5.2500 <u>5.00</u>	5.70 <u>5.20</u>	5.25	5.30 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
57	5.2500 <u>5.00</u>	5.70 <u>5.15</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
58	5.2500 <u>5.00</u>	5.70 <u>5.10</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
59	5.2500 <u>5.00</u>	5.70 <u>5.05</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
60	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
61	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>

62	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
63	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
64	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
65	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
66	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
67	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
68	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
69	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
70	5.2500 <u>5.00</u>	5.00	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
71	<u>5.00</u>	<u>5.00</u>		<u>5.00</u>				<u>5.2500</u>

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

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 6. Minnesota Statutes 1999 Supplement, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

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

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

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

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

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

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

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

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the ~~following retirement~~ plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized ~~in the following manner:~~

~~(1) the public employees retirement association police and fire plan, the valuation assets in excess of the actuarial accrued liability serve to reduce as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan; and~~

~~(2) the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.~~

Sec. 7. [EFFECTIVE DATE.]

(a) Section 1 is effective for actuarial valuation costs incurred on or after July 1, 2000.

(b) Sections 2 to 6 are effective on June 30, 2000, for actuarial valuations on or after that date.

ARTICLE 2

REEMPLOYED ANNUITANT EARNINGS LIMITATION REVISIONS

Section 1. Minnesota Statutes 1999 Supplement, section 136F.48, is amended to read:

136F.48 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in the Minnesota state colleges and universities system;

(3) begins drawing a retirement benefit from the individual retirement account plan or an annuity from the teachers retirement association, from the general state employees retirement plan or the unclassified state employees retirement program of the Minnesota state retirement system, or from a first class city teacher retirement plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement ~~in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.~~

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

(f) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 2. Minnesota Statutes 1998, section 352.115, subdivision 10, is amended to read:

Subd. 10. [REEMPLOYMENT OF ANNUITANT.] (a) If any retired employee again becomes entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, the annuity or retirement allowance shall cease when the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the retired employee shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.58.

(c) The annuity must be resumed when state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. ~~No payroll deductions for the retirement fund shall be made from the earnings of a reemployed retired employee.~~ If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change shall be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

Sec. 3. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

Sec. 4. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION LIMIT.] For a person eligible under this section who earns more than ~~\$35,000~~ \$46,000 in a calendar year from reemployment in the Minnesota state colleges and universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over ~~\$35,000~~ \$46,000.

Sec. 5. Minnesota Statutes 1998, section 353.37, is amended by adding a subdivision to read:

Subd. 3a. [DISPOSITION OF SUSPENSION OR REDUCTION AMOUNT.] The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

Sec. 6. Minnesota Statutes 1998, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during the calendar year immediately following any calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of income.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes, but is not limited to:

(a) (1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(b) (2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

Sec. 7. Minnesota Statutes 1999 Supplement, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement due to employment by the Minnesota state colleges and universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over ~~\$35,000~~ \$46,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 8. Minnesota Statutes 1998, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

Sec. 9. Minnesota Statutes 1998, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. [NO ANNUITY REDUCTION.] (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) begins drawing an annuity from a first class city teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 10. [356.58] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

Subdivision 1. [APPLICATION.] This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

Subd. 2. [RECORDKEEPING; REPORTING.] The chief administrative officer of each retirement plan will keep records for each reemployed annuitant of the amount of the annuity reduction. This amount will be reported to each member at least once each year.

Subd. 3. [PAYMENT.] Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of an application for the payment by the person, or upon the death of the retired member and the filing of an application for the payment by the deceased person's surviving spouse, or if none, by the deceased person's designated beneficiary, or if none, by the deceased person's estate, the chief administrative officer of the applicable retirement plan shall pay in a lump sum of the value of the person's amount under subdivision 2, plus six percent interest compounded annually.

Sec. 11. [SUNSET; REPEALER.]

(a) Minnesota Statutes 1998, section 354A.31, subdivision 3a, is repealed, effective July 1, 2003.

(b) Minnesota Statutes 1999 Supplement, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445, are repealed, effective July 1, 2003.

(c) Agreements for a phased retirement under Minnesota Statutes, sections 136F.48; 352.1155; 354.445; and 354A.31, subdivision 3a, made before the date of enactment may continue for the duration of their specified effective period even if the period extends beyond July 1, 2003.

Sec. 12. [REPORT.]

The Minnesota state colleges and universities board shall report to the legislative commission on pensions and retirement by November 15, 2000, on the utilization of the annuitant employment program authorized by Minnesota Statutes, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445. The report shall include an evaluation by institutions that have used the program regarding its effectiveness as a human resource management tool.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on July 1, 2000.

ARTICLE 3

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1998, section 352.15, subdivision 1a, is amended to read:

Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may pay an remit, through an automatic deposit system, annuity, benefit, or refund payments only to a banking financial institution, ~~qualified under chapter 48, associated with the National Automated Clearinghouse Association or a comparable successor organization~~ that is trustee for a person eligible to receive the annuity, benefit, or refund. Upon the request of ~~a retired, disabled, the retiree, disabilitant, survivor,~~ or former employee, the executive director may ~~mail~~ remit the annuity, benefit, or refund check to a banking institution, savings association, or credit union the applicable financial institution for deposit ~~to in the employee's person's~~ account or joint account. The board of directors may prescribe the conditions under which payments will be made.

Sec. 2. Minnesota Statutes 1998, section 352B.01, subdivision 3, is amended to read:

Subd. 3. [ALLOWABLE SERVICES SERVICE.] (a) "Allowable service" means:

~~(a)~~ (1) for members defined in subdivision 2, clause (a), monthly service is granted for any month for which payments have been made to the state patrol retirement fund, and

~~(b)~~ (2) for members defined in subdivision 2, clauses (b) and (c), service for which payments have been made to the state patrol retirement fund, service for which payments were made to the state police officers retirement fund after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or return to employment.

Sec. 3. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified ~~program plan~~ under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, the state treasurer, and the attorney general;

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general;

(3) an employee of the state board of investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the metropolitan council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair, ~~provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;~~

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(11) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Minnesota educational computing corporation;

(14) an employee of the world trade center board; and

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3.

Sec. 4. Minnesota Statutes 1998, section 352D.05, subdivision 3, is amended to read:

Subd. 3. [FULL OR PARTIAL WITHDRAWAL.] After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the month in which application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

Sec. 5. Minnesota Statutes 1998, section 352D.06, is amended to read:

352D.06 [ANNUITIES.]

Subdivision 1. [ANNUITY; RESERVES.] When a participant attains at least age 55, ~~is retired~~ terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the general state employees retirement ~~fund~~ plan in determining pensions and reserves.

Subd. 2. [PARTIAL VALUE ANNUITY.] A participant has the option in an application for an annuity to apply for and receive ~~the a partial~~ a partial value of ~~one-half of~~ the total shares and thereafter receive an annuity, as provided in subdivision 1, based on the remaining value of ~~one-half of~~ the total shares.

Subd. 3. [ACCRUAL DATE.] An annuity ~~herein shall begin to accrue~~ under this section accrues the first day of the first full month after an application is received or after termination of state service, whichever is later. Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts. The account must be valued and redeemed on the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity.

Sec. 6. Minnesota Statutes 1998, section 352D.09, subdivision 5a, is amended to read:

Subd. 5a. [SMALL BALANCE ACCOUNTS.] If a former participant who contributed less than ~~\$100~~ \$500 in employee contributions cannot be contacted by the system for five or more years, the value of the shares shall be appropriated to the general employees retirement fund, but upon subsequent contact by the former employee the account shall be reinstated to the amount that would have been payable had the money been left in the unclassified plan.

Sec. 7. Minnesota Statutes 1998, section 353.01, subdivision 2, is amended to read:

Subd. 2. [PUBLIC EMPLOYEE.] "Public employee" means an employee performing personal services for a governmental subdivision under subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes special classes of persons listed in subdivision 2a, but excludes special classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 must not be considered to be a public employee for purposes of that reemployment.

Sec. 8. Minnesota Statutes 1998, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, ~~and~~ the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to ~~469.068~~ 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters' relief association that has consolidated with the public employees retirement association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages; and

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in ~~subdivisions~~ subdivision 35 and or 36.

Sec. 10. Minnesota Statutes 1998, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] (a) "Termination of public service" occurs when a member resigns or is dismissed from public service by the employing governmental subdivision, ~~as evidenced by appropriate written record transmitted to the association, or when a position ends and the member who held the position is not considered by the governmental subdivision to be on a temporary layoff, and the employee does not, within 30 days of resignation or dismissal the date the employment relationship ended, return to a nontemporary an employment position in the same governmental subdivision.~~

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

Sec. 11. Minnesota Statutes 1998, section 353.01, subdivision 28, is amended to read:

Subd. 28. [RETIREMENT.] (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a ~~or termination of membership under subdivision 11b, the earlier of which will determine the date membership and coverage cease.~~ A right to retirement ~~must not accrue without~~ requires a complete and continuous separation for 30 days from employment as a public employee ~~under subdivision 2 and from the provision of paid services to that employer.~~

(b) An individual who separates from employment as a public employee and who, within 30 days of separation, returns to provide service to a governmental subdivision as an independent contractor or as an employee of an independent contractor, has not satisfied separation requirements under paragraph (a).

(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended ~~or reduced~~ under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.

~~(b)~~ (d) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan.

Sec. 12. Minnesota Statutes 1998, section 353.01, subdivision 32, is amended to read:

Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means any public employee, including any public hospital employee, covered by any agreement or modification made between the state and the Secretary of Health, Education and Welfare, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to the member if membership eligibility criteria are met under this chapter. A coordinated member also means is a former basic member who terminates public service under subdivision 11a, has a complete and continuous separation for at least 30 days from employment as a public employee meeting requirements specified in subdivision 28, paragraphs (a) and (b), and who reenters public service in a nontemporary position, as a public employee and meets the membership eligibility criteria under this chapter.

Sec. 13. Minnesota Statutes 1998, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The association may ~~pay an~~ remit, through an automatic deposit system, annuity, benefit, or refund payments only to a ~~trust company, qualified under chapter 48; financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization~~ that is trustee for a person eligible to receive such the annuity, benefit, or refund. Upon the request of ~~a retired, disabled the retiree, disabilitant, survivor,~~ or former member, the association may mail or send by electronic transfer the annuity, benefit or refund check to ~~a banking institution, savings association or credit union~~ the applicable financial institution for deposit ~~to such~~ in the person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Sec. 14. Minnesota Statutes 1998, section 353.27, subdivision 4, is amended to read:

Subd. 4. [EMPLOYERS REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.] (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each member employee who qualifies for membership under this chapter and issue or approve one warrant remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 20 14 calendar days in the office of the association. The head of each department or designee shall, for each pay period ~~in which employee contributions are deducted,~~ submit to the association a salary deduction report; ~~in the form format prescribed by the executive director, showing.~~ Data to be submitted as part of salary deduction reporting must include, but are not limited to:

(a) (1) the legal names and the association membership numbers, listed in alphabetical order; social security numbers of employees who are members;

~~(b) (2)~~ the legal names of all new public employees and the effective dates of appointment; ~~(c)~~ the amount of each employee's salary deduction; ~~(d)~~

~~(3)~~ the amount of salary from which each deduction was made; ~~(e)~~ effective dates of member terminations of public service accompanied by the applicable status code as set by the association for those terminations caused by death or retirement; ~~(f)~~ effective dates of all temporary layoffs and leaves of absence accompanied by the applicable status code as set by the association; and ~~(g)~~

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods.

Reports of contributions must be accompanied by a membership enrollment form

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the form format prescribed by the executive director. The required enrollment forms from data on new employees must be collected by the employer and submitted to the association within 30 days following the date of employment prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish such additional data, forms, and reports on magnetic media on other forms as may be requested required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

~~(b) (c)~~ Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.

Sec. 15. Minnesota Statutes 1998, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] (a) In the case of omission of required deductions from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4. ~~Upon receipt of billing from the association, during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations shall be made in accordance with reporting procedures and methods established by the executive director.~~

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

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's next subsequent salary payment or payments and remitted to the association. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

~~(b) (d)~~ An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph ~~(a) (c)~~, nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph ~~(a) (c)~~ which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's

salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

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

Sec. 16. Minnesota Statutes 1998, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit must be initiated by written application in the manner and form prescribed by the executive director showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership shall file application for total and permanent disability benefits within three years next following termination of public service. This benefit begins to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave or sick leave or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary. Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

Sec. 17. Minnesota Statutes 1998, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The association shall determine eligibility for continuation of disability benefits and require periodic examinations and evaluations of disabled members as frequently as deemed necessary. The association shall require the disabled member to provide and authorize release of medical evidence, including all medical records and information from any source, relating to an application for continuation of disability benefits. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled ~~and is reinstated to the payroll,~~ payments must cease the first of the month following the reinstatement to the payroll expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.

Sec. 18. Minnesota Statutes 1998, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] (a) A former member is entitled to a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. ~~An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in any of those funds and becomes a member of another fund enumerated in those clauses may receive a refund of employee contributions plus six percent interest compounded annually from the fund in which the member terminated service.~~ Application for a refund may not be made prior to the date of termination of public service or the termination of membership, whichever is sooner. Except as specified in paragraph (b), a refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was granted an authorized temporary layoff, a refund is not payable before termination of membership under section 353.01, subdivision 11b, clause (3).

(c) An individual who terminates public service covered by the public employees retirement association general plan, the public employees retirement association police and fire plan, or the public employees local government corrections service retirement plan, and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus six percent interest compounded annually from the plan in which the member terminated service.

Sec. 19. Minnesota Statutes 1999 Supplement, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND PLAN MEMBERSHIP; MANDATORY.] A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full-time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting; or

(3) a full-time police officer or firefighter meeting all requirements of clause (1) or (2), as applicable, who as part of the employment position is periodically assigned to employment duties in the same department that are not within the scope of this subdivision.

An individual to which clause (3) applies must contribute as a member of the police and fire plan for both the primary and secondary services that are provided to the employing governmental subdivision.

Subd. 1a. [POLICE AND FIRE PLAN; OTHER MEMBERS.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund plan.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the fund plan, whether or not that person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(c) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(d) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall become a member of the police and fire fund plan after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(d) Any other employee serving on a full-time basis as a police officer as defined in subdivision 2 or as a firefighter as defined in subdivision 3 on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(e) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(f) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund; ~~(e) Any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire fund benefit plan as provided in section 353.665, subdivision 4, shall must not become a member of the public employees police and fire fund plan, but is not subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.~~

Sec. 20. Minnesota Statutes 1998, section 353.64, subdivision 2, is amended to read:

Subd. 2. [POLICE AND FIRE FUND MEMBERSHIP; PART-TIME EMPLOYMENT COVERAGE OPTION.] ~~Before a~~ (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of this subdivision, the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for primary services provided, satisfies all of the requirements of subdivision 1, clause (3), other than the requirement of full-time employment.

(c) For the governing body may of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, as at a minimum, include employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.

A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a police officer, is adopted by the governing body of the department, and is promptly submitted to the executive director: satisfy all of the requirements of subdivision 1, clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, clause (2), other than the requirement of full-time employment.

Sec. 21. Minnesota Statutes 1998, section 353.64, subdivision 3, is amended to read:

Subd. 3. [POLICE AND FIRE FUND MEMBERSHIP; EXCLUSION.] ~~Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed must, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting. A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a firefighter, is adopted by the governing body of the company or companies, and is promptly submitted to the executive director. A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan is not eligible to become a member of the public employees police and fire plan.~~

Sec. 22. Minnesota Statutes 1998, section 353.64, subdivision 4, is amended to read:

Subd. 4. [RESOLUTION FILING.] (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of adequate notice from the association, if a valid resolution is not filed with the public employees retirement association within six months following the date of that notice, any contributions or deductions made to the police and fire fund for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

Sec. 23. Minnesota Statutes 1998, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] A member of the police and fire ~~fund~~ plan who becomes disabled and physically unfit to perform duties as a police officer ~~or~~ firefighter ~~subsequent to June 30, 1973, or paramedic as defined under section 353.64, subdivision 10,~~ as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform ~~the~~ duties as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits must be in an amount equal to 60 percent of the "average salary" ~~under as defined in section 353.651, subdivision 3 2,~~ plus an additional percent specified in section 356.19, subdivision 6, ~~of said that~~ occurs before the member has at least five years of allowable service credit in the police and fire ~~fund~~ plan, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 24. Minnesota Statutes 1998, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member of the police and fire plan who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ and by reason of that sickness or injury the member has been or is expected to be unable to perform ~~the~~ duties as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ for a period of at least one year, is entitled to receive a disability benefit. The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. For a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 25. Minnesota Statutes 1998, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity, ~~if any,~~ accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed ~~in the manner provided in said sections;~~ on the basis of allowable service prior to the termination of public service and augmented as provided ~~herein in this paragraph.~~ The required reserves applicable to a deferred annuity, ~~or to an annuity for which a former member was eligible but had not applied;~~ or to any deferred segment of an annuity ~~shall~~ must be determined as of ~~the date the annuity begins to accrue and shall be augmented from~~ the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, ~~to the first day of the month in which the annuity begins to accrue.~~ These required reserves must be augmented at the rate of five percent ~~per annum~~ annually compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent ~~per annum~~ compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period ~~shall~~ must be augmented ~~by interest pursuant to this subdivision as specified in this paragraph.~~ The sum of the augmented required reserves ~~so determined shall be~~ is the present value of the annuity. Uninterrupted service for the purpose of this subdivision ~~shall mean~~ means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the ~~restored~~ restored service ~~thereby shall~~ must be considered as continuous with the next period of service for which the employee has credit with this association. ~~The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee.~~ This section ~~shall~~ must not reduce the annuity otherwise payable under this chapter. ~~This subdivision paragraph shall apply~~ applies to individuals who become deferred annuitants ~~of record on or after July 1, 1971, and to employees who thereafter become deferred annuitants; it shall also apply. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, to if the former members who make application~~ active member applies for an annuity after July 1, 1973.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, ~~or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997,~~ which is ~~not~~ first payable ~~until~~ after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 4d, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 26. Minnesota Statutes 1998, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Brainerd police benefit association;
- (6) Crookston police relief association;
- (7) Faribault fire department relief association; and
- (8) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division; and
- (2) New Ulm police relief association.

(e) The surviving spouse benefit shall be ~~\$250 per month~~ 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and
- (2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin firefighters relief association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

(3) 72.25 percent of the salary base, Buhl police relief association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

(7) \$100 per month, Faribault police benefit association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) \$175 per month, Mankato police benefit association;

(10) 26.25 percent of the salary base, Minneapolis fire department relief association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield fire department relief association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(14) 26.6667 percent of the salary base, St. Louis Park police relief association;

(15) 27.5 percent of the salary base, St. Paul fire department relief association;

(16) ~~20~~ 27.5 percent of the salary base, St. Paul police relief association; and

(17) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 27. Minnesota Statutes 1998, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class ~~as those cities were so classified on January 1, 1979~~, or in the Minnesota state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the Minnesota state colleges and ~~university~~ universities system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system ~~by virtue of due to~~ prior employment by ~~the association~~ that system;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. ~~In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however~~ A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association.

(b) ~~The term~~ Teacher does not mean:

(1) ~~an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;~~

(2) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(3) (2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(4) (3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(5) (4) a person exempt from licensure ~~pursuant to~~ under section 122A.30.

Sec. 28. Minnesota Statutes 1998, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the periodic compensation, upon which member contributions are required ~~and made, that is paid to a teacher before employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted~~ before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

(3) ~~payments in lieu of any employer-paid group insurance coverage;~~

(4) ~~payments for the difference between single and family premium rates that may be paid to a member with single coverage;~~

(5) ~~employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses; employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts,~~

cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

~~(6)~~ (4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;

~~(7)~~ (5) any form of severance payments;

~~(8)~~ (6) workers' compensation payments;

~~(9)~~ (7) disability insurance payments including self-insured disability payments;

~~(10)~~ (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

~~(11)~~ (9) payments under section 356.24, subdivision 1, clause (4); and

~~(12)~~ (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 29. Minnesota Statutes 1998, section 354.091, is amended to read:

354.091 [SERVICE CREDIT.]

~~(a) In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered must constitute a year under sections 354.05 to 354.10, provided the year is not less than the legal minimum school year of this state. service credit, no person teacher shall receive credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1961;~~

~~(1) if a teacher teaches only a fractional part of a day, credit must be given for a day of teaching service for each less than five hours taught, and in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;~~

~~(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;~~

~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and~~

~~(4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year as the term period of service ~~rendered~~ performed bears to 170 days.~~

~~(b) A person who teaches in the state colleges and university system teacher shall receive a full year of service credit based on the number of days in the system's employer's full school year if it is less than 170 days. Teaching service performed prior to before July 1, 1961, must be computed under the law in effect at the time it was ~~rendered~~ performed.~~

~~(c) A teacher shall does not lose or gain retirement service credit as a result of the employer converting to a four-day work week flexible or alternate work schedule. If the employer ~~does convert~~ converts to a four-day work week flexible or alternate work schedule, the forms for reporting and the procedures for determining service credit ~~shall~~ must be determined by the executive director with the approval of the board of trustees.~~

Sec. 30. Minnesota Statutes 1998, section 354.092, subdivision 2, is amended to read:

Subd. 2. [PAY RATE; CERTIFICATION.] A sabbatical leave must be compensated by a minimum of one-third of the salary that the member received for a comparable period during the prior fiscal year. ~~Before the end of the fiscal year during which any sabbatical leave is granted~~ Upon granting a sabbatical leave, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.

Sec. 31. Minnesota Statutes 1998, section 354.093, is amended to read:

354.093 [PARENTAL ~~OR~~ MATERNITY LEAVE.]

~~Before the end of the fiscal year during which any parental or maternity leave is granted~~ Upon granting a parental leave for the birth or adoption of a child, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental ~~or maternity~~ leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must ~~include~~ equal the total required employee; and employer contributions, and amortization contributions, if any, for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest. Notwithstanding the provisions of any agreements to the contrary, ~~employee and employer~~ the contributions specified in this section may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

Sec. 32. Minnesota Statutes 1998, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] ~~Before the end of the fiscal year during which~~ Upon granting any extended leave of absence ~~is granted pursuant to~~ under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence ~~pursuant to~~ under section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave, ~~which shall~~ The leave period must not exceed five years. A member may not receive more than five years of allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Sec. 33. Minnesota Statutes 1998, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] Upon receipt of the properly completed forms as provided by the executive director, the annuity ~~or~~ benefit ~~or~~ refund amount may be electronically transferred or the annuity or benefit check may be mailed to ~~a banking institution, savings association, or credit union~~ any financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. An overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the ~~banking institution, savings association, or credit union~~ financial institution associated with the National Automated Clearinghouse Association or its successor. The board may prescribe the conditions which govern these procedures.

Sec. 34. Minnesota Statutes 1998, section 354.35, is amended to read:

354.35 [OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE ~~AGE 65~~ NORMAL RETIREMENT AGE.]

Any coordinated member who retires before normal retirement age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. ~~The election of this optional accelerated retirement annuity is exercised by making an application to the board on a form provided by the executive director.~~ The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains normal retirement age 65 in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches normal retirement age 65 and at that time the payment from the association must be reduced. For each year the retiree is under normal retirement age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. At retirement, members who retire before age 62 may elect to have the age specified in this section be 62 instead of ~~65~~ the normal retirement age. ~~This election is irrevocable and may be made only once on the application form provided by the executive director.~~ The method of computing the optional accelerated retirement annuity provided in this section is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity, the board of trustees must obtain the written approval of the commission-retained actuary. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

Sec. 35. Minnesota Statutes 1998, section 354.46, subdivision 2a, is amended to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain payment and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's surviving spouse's estate.

Sec. 36. Minnesota Statutes 1998, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] ~~(+)~~ (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

~~(+)~~ (b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest ~~at the rate of six percent per annum~~ compounded annually.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

Sec. 37. Minnesota Statutes 1998, section 354.48, subdivision 6, is amended to read:

Subd. 6. [REGULAR PHYSICAL EXAMINATIONS.] At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director shall require the disability beneficiary to undergo a medical examination ~~to be made at the place of residence of such person, or at any other place mutually agreed upon,~~ by a physician or physicians engaged by the executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after physicians engaged by the executive director find that the person is no longer permanently and totally disabled.

Sec. 38. Minnesota Statutes 1998, section 354.49, subdivision 1, is amended to read:

Subdivision 1. [ENTITLEMENT, APPLICATION.] A person who ceases to render teaching service in any school or institution to which the provisions of this chapter apply is entitled to a refund provided in subdivision 2, or a deferred retirement annuity under section 354.55, subdivision 11. An application for a refund must not be made sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. This payment must be made within ~~90~~ 45 days after ~~the receipt of an application for a refund or upon completion of processing the report made pursuant to section 354.52, subdivision 2~~ the receipt of member reporting data under section 354.52, subdivision 4a, and payroll cycle data under section 354.52, subdivision 4b, whichever is later.

Sec. 39. Minnesota Statutes 1998, section 354.52, subdivision 3, is amended to read:

Subd. 3. [~~DUTY OF FINANCE OFFICIALS DEDUCTION REQUIREMENTS.~~] ~~It is the duty of each person, officer, school board, or managing body required by law to draw the warrants or orders for payment of salaries to teachers to~~ Every pay period, each employer shall deduct and withhold from ~~all the salary paid each pay period to~~ of every teacher who is a member of the fund the amount which the teacher is required to pay into the fund and ~~required under section 354.42.~~ At the time of each deduction, to the employer shall also furnish to each teacher a statement showing the amount of the deduction.

Sec. 40. Minnesota Statutes 1998, section 354.52, subdivision 4, is amended to read:

Subd. 4. [REPORTING AND REMITTANCE REQUIREMENTS.] ~~At least once each month, a representative authorized by~~ An employing unit employer shall ~~transmit~~ remit all amounts due to the association and furnish a ~~signed~~ statement indicating the amount due and transmitted with any other information required by the executive director. ~~Signing the statement has the force and effect of an oath as to the correctness of the amount due and transmitted. If an amount due and is not transmitted~~ remitted to the association within seven calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually ~~commencing 15 days after from the due date first due until the amount is transmitted and must be paid by the employing unit. These payments received by the association. All amounts due and other employing unit employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.~~

Sec. 41. Minnesota Statutes 1998, section 354.52, subdivision 4a, is amended to read:

Subd. 4a. [MEMBER DATA REPORTING REQUIREMENTS.] (a) An employing unit ~~shall~~ must initially provide the ~~following~~ member data specified in paragraph (b) or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes under this subdivision must be reported to the association on an ongoing basis for within 14 calendar days after the date of the end of the payroll cycle in which they occur. These data changes must be reported with the payroll cycle data under subdivision 4b.

(b) Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence;

(7) county district number assigned by the association for the employing unit;

(8) data center identification number, if applicable; and

(9) other information as may be required by the executive director.

Sec. 42. Minnesota Statutes 1998, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. [PAYROLL CYCLE REPORTING REQUIREMENTS.] An employing unit shall provide the following data to the association for payroll warrants ~~dated after June 30, 1995, for each~~ on an ongoing basis within 14 calendar days after the date of the payroll cycle warrant in a format prescribed by the executive director:

(1) association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and additional employer contributions; and

(11) other information as may be required by the executive director.

Sec. 43. Minnesota Statutes 1998, section 354.63, subdivision 2, is amended to read:

Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) The required reserves for retirement annuities ~~as determined in accordance with~~ under this chapter ~~shall~~ must be transferred to the Minnesota postretirement investment fund ~~as of no later than~~ the last business day of the month in which the retirement annuity begins. The required reserves shall be determined in accordance with the appropriate annuity table of mortality adopted by the board of trustees as provided in section 354.07, subdivision 1, based on the experience of the fund as recommended by the commission-retained actuary and using the interest assumption specified in section 356.215, subdivision 4d.

(2) Annuity payments shall be adjusted as provided in accordance with the provisions of section 11A.18. In making these adjustments, members who retire effective July 1 shall be considered to have retired effective the preceding June 30. ~~This section applies to persons who retired effective July 1, 1982, or later.~~

(3) An increase in annuity payments ~~pursuant to~~ under this section will be made automatically unless written notice is filed by the annuitant with the executive director of the teachers retirement association requesting that the increase ~~shall~~ not be made.

Sec. 44. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] ~~(1)~~ (a) Notwithstanding any provisions ~~to the contrary~~ of the laws governing the ~~funds~~ plans enumerated in subdivision 3, a person who has met the qualifications of ~~clause (2) paragraph (b)~~ may elect to receive a retirement annuity from each ~~fund~~ plan in which the person has at least ~~six months one-half year of~~ allowable service, based on the allowable service in each ~~fund~~ plan, subject to the provisions of ~~clause (3) paragraph (c)~~.

~~(2)~~ (b) A person may receive upon retirement a retirement annuity from each ~~fund~~ plan in which the person has at least ~~six months one-half year of~~ allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

~~(a)~~ (1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated ~~funds~~ plans; and

~~(b)~~ (2) the person has not begun to receive an annuity from any enumerated ~~fund~~ plan or the person has made application for benefits from ~~all funds each applicable plan~~ and the effective dates of the retirement annuity with each ~~fund~~ plan under which the person chooses to receive an annuity are within a one-year period.

~~(3)~~ (c) The retirement annuity from each ~~fund~~ plan must be based upon the allowable service, accrual rates, and average salary in each fund, except that the applicable plan as further specified or modified in the following clauses:

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

~~(b)~~ (2) the "average salary" on which the annuity from each covered ~~fund~~ plan in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered ~~funds~~ plans;

~~(c)~~ (3) ~~The formula percentages~~ accrual rates to be used by each ~~fund~~ plan must be those percentages prescribed by each ~~fund's~~ plan's formula as continued for the respective years of allowable service from one ~~fund~~ plan to the next, recognizing all previous allowable service with the other covered ~~funds~~ plans;

~~(d)~~ (4) allowable service in all the funds plans must be combined in determining eligibility for and the application of each fund's plan's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement: age; and

~~(e)~~ (5) the annuity amount payable for any allowable service under a nonformula plan of a covered fund plan must not be affected but such service and covered salary must be used in the above calculation.

~~(f)~~ (d) This section shall does not apply to any person whose final termination from the last public service under a covered fund plan is prior to May 1, 1975.

~~(g)~~ (e) For the purpose of computing annuities under this section the formula percentages accrual rates used by any covered fund plan, except the public employees police and fire fund plan and the state patrol retirement fund plan, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage accrual rate used by the public employees police and fire fund plan and the state patrol retirement fund plan must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

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

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

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

Sec. 45. [356.90] [COMBINED PAYMENT.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees and the total payment must be equal to what is payable if payments are kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each fund must calculate benefits under the laws governing the plan and the required reserves and future mortality losses or gains will be paid or accrued to the fund from which the service was earned. Each fund must account for their portion of the payment separately, and there may be no additional liabilities realized by either fund.

(c) The fund making payment would be responsible for issuing one payment, making address changes, tax withholding changes, and other administrative functions needed to process the payment.

Sec. 46. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the term "six months" to "one-half year" wherever it appears in Minnesota Statutes, sections 356.302 and 356.303.

Sec. 47. [REPEALER.]

Minnesota Statutes 1998, sections 353.024; and 354.52, subdivision 2, are repealed.

Sec. 48. [EFFECTIVE DATE.]

(a) Sections 1 to 47 are effective on July 1, 2000.

(b) Section 26 is not intended to increase or decrease any surviving spouse benefit compared to the surviving spouse benefit payable immediately prior to July 1, 2000.

ARTICLE 4

MILITARY SERVICE CREDIT PURCHASE AUTHORIZATION

Section 1. [352.275] [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A state employee who has at least three years of allowable service with the Minnesota state retirement system and who performed service in the United States armed forces before becoming a state employee, or who failed to obtain service credit for a military leave of absence under section 352.27, is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] An employee who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the Minnesota state retirement system to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the employee's effective date of retirement.

Sec. 2. Minnesota Statutes 1998, section 352B.01, is amended by adding a subdivision to read:

Subd. 3a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A member who has at least three years of allowable service with the state patrol retirement plan under subdivision 3 and who performed service in the United States armed forces before becoming a member is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55, provided the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A member who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the state patrol retirement plan to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the member.

Sec. 3. Minnesota Statutes 1998, section 353.01, is amended by adding a subdivision to read:

Subd. 16a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A public employee who has at least three years of allowable service with the public employees retirement association or the public employees police and fire plan and who performed service in the United States armed forces before becoming a public employee, or who failed to obtain service credit for a military leave of absence under subdivision 16, paragraph (h), is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the public employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A public employee who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the public employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the public employees association or the public employees police and fire plan, whichever applies, to the purchasing public employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the public employee.

Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, 2003.

ARTICLE 5

RETIREMENT HEALTH CARE PROVISIONS

Section 1. [POSTRETIREMENT HEALTH CARE TASK FORCE.]

(a) The director of the legislative commission on pensions and retirement shall convene a task force on postretirement health care. The task force shall identify strategies for providing postretirement health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement health care.

(b) The task force shall include, but not be limited to, the following:

(1) a representative of the department of employee relations;

(2) a representative of the Minnesota state retirement system;

(3) a representative of the teachers retirement association;

(4) a representative of the public employees retirement association;

(5) a representative of the first class city teacher retirement fund associations;

(6) a representative of the first class city police and fire department relief associations;

(7) a representative of the Minneapolis employees retirement fund;

(8) a representative of the legislative coordinating commission subcommittee on employee relations;

(9) representatives of public employees exclusive representatives; and

(10) representatives of major public employers.

(c) The task force shall report its findings and recommendations to the legislative commission on pensions and retirement by November 15, 2000. The report shall address:

(1) alternative methods of providing and paying for postretirement health care;

(2) the estimated cost of providing postretirement health care under various alternatives; and

(3) the most efficient administrative structure for providing for postretirement health care.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

ARTICLE 6

PERA AND PERA-P&F MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 1998, section 353.64, is amended by adding a subdivision to read:

Subd. 11. [PENSION COVERAGE FOR CERTAIN TRIBAL POLICE OFFICERS EXERCISING STATE ARREST POWERS.] (a) The governing body of a tribal police department which is exercising state arrest powers under section 626.90, 626.91, 626.92, or 626.93 may request by resolution to the executive director that its police officers be considered public employees under section 353.01, subdivision 2, and become members of the public employees police and fire retirement plan and that the tribal police department be considered a governmental subdivision under section 353.01, subdivision 6.

(b) The executive director of the association must approve the request by a tribal police department under paragraph (a) if a ruling made by the federal Internal Revenue Service provides that:

(1) the tribal police department is an agency or instrumentality of the state of Minnesota for purposes of enforcing state law; and

(2) that contributions made by the tribal police department to a retirement plan on behalf of employees of the tribal police department are contributions to a governmental plan within the meaning of section 414(d) of the federal Internal Revenue Code.

(c) Following the approval of the request by the executive director, the head of the police department or designee must immediately report for membership in the police and fire fund a person who is employed as a full-time or part-time police officer in a position that meets the conditions in sections 353.01, subdivision 2a, and 353.64, subdivisions 1 and 2. The police department head or designee must deduct the employee contributions from the salary of each eligible police officer as required by section 353.65, subdivision 2, and make the employer contributions required by section 353.65, subdivision 3. The head of the police department must meet the reporting requirements in section 353.65, subdivision 4.

Sec. 2. [353.666] [PAST SERVICE CREDIT FOR CERTAIN MEMBERS EXTENDED COVERAGE.]

(a) A member to whom public employees police and fire retirement plan membership was extended under section 353.64, subdivision 11, may receive retroactive service credit in the public employees police and fire retirement plan for service as a tribal police officer rendered before the effective date of membership of the tribal police department employee in the police and fire fund, provided that the employee and the police department did not make contributions into a qualified tax-deferred retirement plan for that employment period.

(b) The request for retroactive coverage must be in writing and must be filed with the association within 60 days of when police and fire fund membership commenced. The prior service credit purchase payment is governed by section 356.55, except that the member must pay an amount equal to the employee salary deductions. The employee salary deductions for the retroactive period must be based on the police and fire pension plan rates in effect when the service was rendered and applied to the salary amount that was earned and paid to the police officer. The employer must pay the balance of the prior service credit purchase payment amount.

Sec. 3. [PERA GENERAL AND PERA P&F; PRIOR SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] (a) Except as restricted under subdivision 4, an eligible person described in paragraph (b) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association general plan. Except as restricted under subdivision 4, an eligible person described in paragraph (c) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association police and fire plan.

(b) An eligible person is a person who:

(1) is a full-time salaried employee or permanent part-time salaried employee of the Spring Lake Park Fire Department, Incorporated;

(2) became a member of the public employees retirement association general plan due to that employment on June 1, 1999; and

(3) was employed by the Spring Lake Park Fire Department, Incorporated, during all or part of the period from January 1, 1996, to June 1, 1999.

(c) An eligible person is a person who meets requirements specified in paragraph (b), clauses (1) and (3), and who became a member of the public employees retirement association police and fire plan or the public employees retirement association general plan, whichever applies, due to applicable employment with the Spring Lake Park Fire Department, Incorporated, on June 1, 1999.

(d) The period or periods eligible for service credit purchase in the public employees retirement association general plan or public employees retirement association police and fire plan, as applicable, is the period or periods from January 1, 1996, to June 1, 1999, during which an eligible individual described in paragraph (b) or (c), as applicable, provided service to the Spring Lake Park Fire Department, Incorporated, which would have been eligible service for coverage by the applicable public employees retirement association plan if that service had been provided on or after June 1, 1999, rather than before.

Subd. 2. [PAYMENT REQUIREMENTS.] Minnesota Statutes, section 356.55, applies to service credit purchases authorized under this section.

Subd. 3. [DOCUMENTATION; SERVICE CREDIT GRANT.] (a) An eligible person described in subdivision 1, paragraph (b) or (c), must provide any documentation related to eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

(b) Allowable service credit for the purchase period or periods must be granted in the applicable public employees retirement association plan on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 4. [RESTRICTIONS.] (a) An eligible person as specified in subdivision 1, paragraph (c), is not authorized to purchase service credit in the public employees retirement association police and fire plan under this section if the eligible person, or the eligible person and the Spring Lake Park Fire Department, Incorporated, made contributions on that person's behalf to the social security old age insurance program during all or part of the period from January 1, 1996, to June 1, 1999, and coverage under that program for the applicable period remains in effect.

(b) If paragraph (a) applies to the eligible person, that eligible person may purchase service credit under this section in the public employees retirement association general plan.

(c) If contributions are made by an eligible person specified in paragraph (a) or by that eligible person and the Spring Lake Park Fire Department, Incorporated, or a successor organization, to the social security old age insurance program after June 1, 1999, due to employment for which coverage in the public employees retirement association police and fire plan commenced on June 1, 1999, coverage by the public employees retirement association police and fire plan terminates and coverage by the public employees retirement association general plan commences, if the employment otherwise meets requirements in law for that coverage. If public employees retirement association police and fire plan contributions have been received on or after June 1, 1999, for any periods where contributions were also made to the social security old age insurance program as specified in this paragraph, the contributions to the public employees retirement association police and fire plan for the applicable period or periods on or after June 1, 1999, must be treated as contributions made in error under Minnesota Statutes, section 353.27, subdivision 7a.

Sec. 4. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective on July 1, 2000.

(b) Section 3 is effective on the day following final enactment.

ARTICLE 7

PENSION COVERAGE UPON EMPLOYMENT PRIVATIZATION

Section 1. Minnesota Statutes 1999 Supplement, section 353F.02, subdivision 5, is amended to read:

Subd. 5. [OTHER PUBLIC EMPLOYING UNIT.] "Other public employing unit" means:

- (1) Metro II, a joint powers organization formed under section 471.59; and
- (2) the St. Paul civic center authority.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first day of the month next following certification by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized St. Paul civic center authority employees under this article does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the St. Paul civic center authority.

ARTICLE 8

FORMER LOCAL POLICE AND FIRE CONSOLIDATION ACCOUNT MODIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

- (1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) the ~~public employees police and fire fund on behalf of~~ municipalities that ~~received amortization aid in 1999 and~~ are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis of:

(1) 64.5 percent to the ~~public employees police and fire fund or local consolidation account, whichever applies, on behalf of~~ municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association.

~~In the event that~~ If there is no unfunded actuarial accrued liability in both the Minneapolis police relief association and the Minneapolis fire department relief association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. If there is no unfunded actuarial accrued liability in the Virginia fire department relief association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, annually, beginning on July 1, 2005, if a the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of a that composite portfolio. ~~21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio,~~

and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.

(d) ~~Additional amortization state aid payable to the public employees retirement association on behalf of a municipality must be credited by the executive director of the public employees retirement association against any additional municipal contribution to which the applicable municipality is obligated to make under section 353A.09, subdivision 5, or under section 353.665, subdivision 8.~~

(e) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Sec. 2. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 4, is amended to read:

Subd. 4. [LIMIT ON CERTAIN TOTAL AID AMOUNTS.] (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to ~~the executive director of the public employees retirement association on behalf of~~ a municipality to which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), applies. The excess aid must be distributed in proportion to each municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under ~~subdivisions 1, 1a, and subdivision 1b.~~

Sec. 3. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 5, is amended to read:

Subd. 5. [TERMINATION OF STATE AID PROGRAMS.] The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the Minneapolis teachers retirement fund association equal the actuarial accrued liability of that plan and when the assets of the St. Paul teachers retirement fund association equal the actuarial accrued liability of that plan or December 31, 2009, whichever is later.

Sec. 4. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; ONE-TIME SPECIAL OPTIONAL ANNUITY ELECTION FOR CERTAIN FORMER CONSOLIDATION ACCOUNT RETIREES.]

Subdivision 1. [ELIGIBILITY.] An individual who was a deferred annuitant, a service pension annuitant, or who was receiving disability benefits from the relief association on the effective date of the consolidation of the applicable local police or paid firefighter relief association, and who chose annual adjustments applicable to the public

employees retirement association police and fire plan in elections provided under Minnesota Statutes, section 353.615, subdivisions 5 and 6 or 353A.08, subdivision 1 or 2, may elect an optional annuity form under subdivision 2 to provide additional payments to a surviving spouse.

Subd. 2. [OPTIONAL ANNUITIES.] The optional annuity form may be either a 15 percent or a 25 percent joint and survivor annuity and is without reinstatement in the event of the surviving spouse predeceasing the member. The optional annuity forms must be actuarially equivalent to the service pension currently paid to the retired consolidated member without consideration of the value of survivor benefits payable under Minnesota Statutes, section 353B.11, and must be based upon the age of the member and the age of the spouse of the member as of October 1, 2000.

Subd. 3. [ADDITIONAL SURVIVOR BENEFIT.] An optional annuity under subdivision 2 is payable in addition to any applicable survivor benefit payable under Minnesota Statutes, section 353.11. An optional annuity under subdivision 2 when combined with applicable survivor benefits under Minnesota Statutes, section 353.11, must not exceed the benefit payable to the deceased service or disability pensioner immediately prior to death.

Subd. 4. [ELECTION.] (a) To be valid, an optional annuity form under subdivision 2 must be elected in writing on a form prescribed by the executive director of the public employees retirement association and signed by the eligible service pensioner or disabilitant before October 1, 2000. Once selected, the optional annuity is irrevocable.

(b) The executive director of the public employees retirement association shall provide counseling to members regarding the election of an optional annuity form under this section, including the impact on current benefit levels payable if an option annuity form is elected.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 9

PERA LOCAL CORRECTIONAL RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353E.02, is amended to read:

353E.02 [CORRECTIONAL SERVICE ~~EMPLOYEES~~ RETIREMENT PLAN MEMBERSHIP.]

Subdivision 1. [RETIREMENT COVERAGE.] Local government correctional service employees are members of the local government correctional service retirement plan established by this chapter.

Subd. 2. [LOCAL GOVERNMENT CORRECTIONAL SERVICE EMPLOYEE.] (a) A local government correctional service employee, for purposes of subdivision 1, is a person ~~who~~ whom the employer certifies:

(1) is employed in a ~~county-administered jail or correctional facility or in a regional correctional facility administered by multiple counties~~ county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers;

(2) spends at least 95 percent of the employee's working time in direct contact with persons confined in the jail or facility, as certified in writing, in advance, by the employer to the executive director of the association ~~is directly responsible for the direct security, custody, and control of the county correctional institution and its inmates;~~

(3) is expected to respond to incidents within the county correctional institution as part of the person's regular employment duties and is trained to do so; and

(3) (4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire fund.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

(c) A person who was a member of the local government correctional service retirement plan on the day before the effective date of this section remains a member of the plan after the effective date of this section for the duration of the person's employment in that county correctional institution position, even if the person's subsequent service in this position does not meet the requirements set forth in paragraph (a).

Subd. 3. [COUNTY CORRECTIONAL INSTITUTION.] A county correctional institution is:

(1) a jail administered by a county;

(2) a correctional facility administered by a county; or

(3) a regional correctional facility administered by or on behalf of multiple counties.

Sec. 2. Minnesota Statutes 1999 Supplement, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A local government correctional service employee shall make an employee contribution in an amount equal to ~~5.83~~ 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a local government correctional service employee an amount equal to ~~8.75~~ 9.02 percent of salary.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. Section 2 is effective on the first day of the first full pay period beginning after January 1, 2002.

ARTICLE 10

TEACHER RETIREMENT AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 122A.46, subdivision 1, is amended to read:

Subdivision 1. [TEACHERS DEFINED.] As used in this section, the term "teachers" shall have the meaning given it in section 122A.15, subdivision 1. The term "teachers" shall also include any teacher in the classifications included in the professional state residential instructional unit, pursuant to section 179A.10, subdivision 2, clause (16).

Sec. 2. Minnesota Statutes 1998, section 122A.46, is amended by adding a subdivision to read:

Subd. 1a. [APPOINTING AUTHORITY.] For purposes of teachers included in the professional state residential instructional unit, the term "school board" shall include the appointing authority as defined in section 43A.02, subdivision 5.

Sec. 3. Minnesota Statutes 1999 Supplement, section 354.536, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 4. [354A.051] [MTRFA COVERAGE FOR UNION BUSINESS AGENTS.]

Subdivision 1. [AUTHORIZATION.] A member of the Minneapolis teachers retirement fund association on a leave of absence from a teaching position with special school district No. 1, and who is employed by an employee organization representing Minneapolis teachers retirement fund association active members, may elect under subdivision 2 to be a member of the coordinated program of the association for service with that employee organization, subject to the limitations specified in subdivisions 3, 4, and 5.

Subd. 2. [ELECTION.] Except as indicated in subdivision 3, a person described in subdivision 1 must be covered by the Minneapolis teachers retirement fund association coordinated program for employment with the employer organization if the person files a written election to be covered with the executive director of the teachers retirement fund association within 90 days of first being employed by the employee organization, or within 90 days of the start of the first leave of absence due to service as an employee organization business agent, whichever is later.

Subd. 3. [WAIVER OF LEAVE COVERAGE.] Coverage under this section does not apply to any leave period or portion of a leave period for which a person has received service credit or is eligible to receive service credit for the leave period under any leave of absence provision in chapter 354A, any other applicable law, or bylaws or articles of incorporation of the association. The person may waive eligibility to receive service credit under a leave of absence provision and be covered by this section for the applicable period by filing a waiver with the executive director within 90 days of the start of the leave.

Subd. 4. [COVERED SALARY LIMITATION.] (a) The covered salary for an employee of the employee organization covered by the coordinated program of the Minneapolis teachers retirement fund association under this section is limited to the lesser of:

- (1) the person's actual salary from the employee organization as defined in section 354A.011, subdivision 24; or
- (2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this paragraph must be used in determining member, employer, and employer additional contributions under section 354A.12, and in determining annuities and other benefits under sections 354A.30 to 354A.41 and chapter 356.

Subd. 5. [ANNUITY RECEIPT REQUIREMENTS.] A retirement annuity is only payable from the coordinated program of the Minneapolis teachers retirement fund association to a person described in subdivision 1 if the person has met all applicable requirements, including the termination by the person from employment by the employee organization and by the school district. The reemployed annuitant earnings limitation in section 354A.31, subdivision 3, applies if the person retires and is subsequently reemployed while an annuitant by the employee organization or by any other entity employing persons who are members of the applicable teachers retirement fund association by virtue of that employment.

Subd. 6. [CONTRIBUTION REQUIREMENTS.] The member, employer, and employer additional contributions required by section 354A.12 are the obligation of the person who elects coverage by the coordinated program of the Minneapolis teachers retirement fund association, but the employee organization may pay the employer and employer additional contributions. Contributions made by the person must be made by salary deduction. Contributions made by the employee organization must be made as provided in section 354A.12.

Subd. 7. [BOARD INELIGIBILITY.] A person employed by an employee organization who retains active membership in the teachers retirement fund association under this section is not eligible for election to the board of trustees of the teachers retirement fund association.

Sec. 5. Minnesota Statutes 1999 Supplement, section 354A.101, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 6. [ELECTION OF COVERAGE BY EMPLOYEE OF EMPLOYEE ORGANIZATION REPRESENTING MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION ACTIVE MEMBERS.]

Subdivision 1. [ELIGIBILITY ELECTION.] Notwithstanding election date requirements in section 354A.051, subdivision 2, a person who is currently employed as a business agent by an employee organization representing Minneapolis teachers retirement fund association active members and who has been on a mobility leave or leaves from special school district No. 1 since March 23, 1998, may make a written election to be covered under section 354A.051. To be valid, that written election must be on a form specified by the executive director of the Minneapolis teachers retirement fund association and be filed with the executive director within 90 days following the effective date of this section.

Subd. 2. [PAYMENT REQUIREMENTS.] If a valid election is made under subdivision 1, an eligible individual under subdivision 1 is required to pay, in a lump sum within 90 days of the effective date of this section, any additional employee, employer, and employer additional contributions based on the eligible individual's salary and employment with the employee organization, as required by the election, compared to amounts previously paid or payable. These amounts are in addition to any amounts previously payable. The additional contribution requirements are to be computed from March 23, 1998, to the date payroll deductions are first made on the high contribution requirements. The lump sum payment under this subdivision must include 8.5 percent annual interest. The amounts required under this subdivision are the obligation of the eligible individual, but the employee organization may pay the additional employer and employer additional amounts with applicable interest.

Subd. 3. [SALARY CREDIT GRANT.] The additional salary credit is to be granted to the account of the eligible individual upon payment of amounts required under this section.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective on the day following final enactment.

ARTICLE 11

MNSCU PENSION COVERAGE AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 136F.45, subdivision 1a, is amended to read:

Subd. 1a. [SUBSEQUENT VENDOR CONTRACTS.] (a) The board may limit the number of vendors under subdivision 1.

(b) In addition to any other tax-sheltered annuity program investment options, the board may offer as an investment option the Minnesota supplemental investment fund administered by the state board of investment under section 11A.17.

(c) For the tax-sheltered annuity program vendor contracts ~~to be executed for the period beginning after~~ July 1, 2000, the board shall actively solicit participation of and shall include as vendors lower expense and "no-load" mutual funds or equivalent investment products as those terms are defined by the federal securities and exchange commission. To the extent possible, in addition to a range of insurance annuity contract providers and other mutual fund provider arrangements, the board must assure that no less than five insurance annuity providers and no less than one nor more than three lower expense and "no-load" mutual funds or equivalent investment products will be made available for direct-access by employee participants. To the extent that offering a lower expense "no-load" product increases the total necessary and reasonable expenses of the program and if the board is unable to negotiate a rebate of fees from the mutual fund or equivalent investment product providers, the board may charge the participants utilizing the lower expense "no-load" mutual fund products a fee to cover those expenses. The participant fee may not exceed one percent of the participant's annual contributions or \$20 per participant per year, whichever is greater. Any excess fee revenue generated under this subdivision must be reimbursed to participant accounts in the manner provided in subdivision 3a.

Sec. 2. [354.539] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538.

(b) At the request of a member, if determined by the executive director to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the teachers retirement association. Upon receipt of the full prior service credit purchase payment amount, the teachers retirement association shall grant the requested allowable and formula service credit.

Sec. 3. [354A.106] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

Sec. 4. Minnesota Statutes 1998, section 354B.23, subdivision 5a, is amended to read:

Subd. 5a. [EXCESS CONTRIBUTIONS.] ~~(a)~~ When contributions to the plan exceed limits imposed by federal law or regulation ~~and it is necessary to return contributions to comply with the federal limits, the excess employee contributions must be returned to the employee and to the excess employer in the same proportions as the contributions were made~~ contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

~~(b) When an employer contribution required under section 354B.24 due to a sabbatical leave is made after completion of the leave or an employer contribution is made due to omitted deductions under subdivision 5, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 5. Minnesota Statutes 1998, section 354C.12, subdivision 1a, is amended to read:

Subd. 1a. ~~[EXCESS CONTRIBUTIONS.] (a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, one-half of the excess contributions must be returned to, the excess employee contributions must be returned to the employee and one-half to the excess employer contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.~~

~~(b) When an employer contribution is made due to omitted deductions under subdivision 2, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 6. Minnesota Statutes 1998, section 354C.165, is amended to read:

354C.165 [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) ~~Except as provided in paragraph (c) or (d), no participant may obtain a loan from the plan or obtain any distribution from the plan at a time before the participant terminates the employment that gave rise to plan coverage.~~

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.6111.

(c) ~~Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the supplemental retirement plan may request, in writing, a transfer of all or a portion of the funds accumulated in the person's supplemental plan account to the teachers retirement association to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538 or to the teachers retirement fund association to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104. Upon receipt of a valid request, the board shall execute the transfer. The transfer must be a fund-to-fund transfer, and in no event shall the participant directly receive any of the funds while still employed by the board. In no event may the board transfer more than the participant's account balance. The board, in cooperation with the executive director of the teachers retirement association, shall develop the forms for requesting a transfer and the procedures for executing the requested transfers.~~

Sec. 7. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining

agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,000~~ \$2,700 a year for each employee.

Sec. 8. Minnesota Statutes 1998, section 356A.01, subdivision 8, is amended to read:

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or 356.30, subdivision 3, or a plan established under chapter 353D, 354B, 354C, or 354D.

Sec. 9. Minnesota Statutes 1998, section 356A.02, is amended to read:

356A.02 [FIDUCIARY STATUS AND ACTIVITIES.]

Subdivision 1. [FIDUCIARY STATUS.] For purposes of this chapter, the following persons are fiduciaries:

- (1) any member of the governing board of a covered pension plan;
- (2) the chief administrative officer of a covered pension plan or of the state board of investment;
- (3) any member of the state board of investment; ~~and~~
- (4) any member of the investment advisory council; and
- (5) any member of the advisory committee established under section 354B.25.

Subd. 2. [FIDUCIARY ACTIVITY.] The activities of a fiduciary identified in subdivision 1 that must be carried out in accordance with the requirements of section 356A.04 include, but are not limited to:

- (1) the investment and reinvestment of plan assets;
- (2) the determination of benefits;
- (3) the determination of eligibility for membership or benefits;
- (4) the determination of the amount or duration of benefits;
- (5) the determination of funding requirements or the amounts of contributions;
- (6) the maintenance of membership or financial records; ~~and~~

(7) the expenditure of plan assets; and

(8) the selection of financial institutions and investment products.

Sec. 10. Minnesota Statutes 1998, section 356A.06, is amended by adding a subdivision to read:

Subd. 10. [DEFINED CONTRIBUTION PLANS; APPLICATION.] (a) To the extent that a plan governed by chapter 352D, 353D, 354B, 354C, or 354D permits a participant or beneficiary to select among investment products for the person's account and the participant or beneficiary exercises that investment self-direction, no fiduciary is liable for any loss which may result from the participant's or beneficiary's exercise of that investment self-direction.

(b) Subdivisions 1, 2, 6, 8, and 8a do not apply to plans governed by chapter 354B or 354C.

Sec. 11. [VENDOR CONTRACT EXTENSION OPTION.]

Notwithstanding Minnesota Statutes, section 136F.45, subdivision 1a, paragraph (c), the board of trustees of the Minnesota state colleges and universities may, with the agreement of the parties involved, extend the vendor contracts in effect immediately before July 1, 2000, with any revisions that are mutually agreeable to the parties, for up to an additional two years duration.

Sec. 12. [EFFECTIVE DATE.]

(a) Sections 1 to 11 are effective on the day following final enactment.

(b) Sections 2, 3, and 6, paragraph (c), expire on May 16, 2002.

ARTICLE 12

EMPLOYER MATCHING CONTRIBUTION TAX SHELTERED ANNUITY CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the ~~premium on a tax-sheltered annuity contract~~ qualified contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if ~~purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the~~ employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

Sec. 2. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] ~~A personnel policy for unrepresented employees or a collective bargaining agreement~~ A school board may establish limits on the number of vendors ~~under subdivision 1~~ that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 3. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1a, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 13

RETIREMENT GENERALLY

Section 1. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.61, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective retroactively to July 1, 1999.

ARTICLE 14

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.]

(a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association ~~did not exist in~~ is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the office of the state auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination.

(e) The fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 2. [69.041] [SHORTFALL FROM GENERAL FUND.]

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under section 69.77, sections 69.771 to 69.775, or section 353A.09, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 60A.15, subdivision 1, paragraph (e), clauses (1) to (3), the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

Sec. 3. Minnesota Statutes 1998, section 69.773, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] (a) This section ~~shall apply~~ applies to any firefighters' relief association specified in section 69.771, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters' relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4 and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a lump sum benefit amount consistent with section 424A.02, subdivision 3, or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 69.772 apply rather than this section.

Sec. 4. Minnesota Statutes 1998, section 424A.001, subdivision 9, is amended to read:

Subd. 9. [SEPARATE FROM ACTIVE SERVICE.] "Separate from active service" means to permanently cease to perform fire suppression duties with a particular volunteer fire department, to permanently cease to perform fire prevention duties, to permanently cease to supervise fire suppression duties, and to permanently cease to supervise fire prevention duties.

Sec. 5. Minnesota Statutes 1998, section 424A.02, subdivision 3, is amended to read:

Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

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

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

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
42	.50
84	1.00

126	1.50
168	2.00
209	2.50
252	3.00
294	3.50
335	4.00
378	4.50
420	5.00
503	6.00
587	7.00
672	8.00
755	9.00
839	10.00
923	11.00
1007	12.00
1090	13.00
1175	14.00
1259	15.00
1342	16.00
1427	17.00
1510	18.00
1594	19.00
1677	20.00
1762	21.00
1845	22.00
1888	22.50
1929	23.00
2014	24.00
2098	25.00
2183	26.00
2267	27.00
2351	28.00
2436	29.00
2520	30.00
2604	31.00
2689	32.00
2773	33.00
2857	34.00
2942	35.00
3026	36.00
3110	37.00
3963	38.00
4047	39.00
4137	40.00
any amount more than 4137	40.00

Effective beginning December 31, 2000:

<u>4227</u>	<u>41.00</u>
<u>4317</u>	<u>42.00</u>
<u>4407</u>	<u>43.00</u>
<u>4497</u>	<u>44.00</u>

Effective beginning December 31, 2001:

<u>4587</u>	<u>45.00</u>
<u>4677</u>	<u>46.00</u>
<u>4767</u>	<u>47.00</u>
<u>4857</u>	<u>48.00</u>

Effective beginning December 31, 2002:

<u>4947</u>	<u>49.00</u>
<u>5037</u>	<u>50.00</u>
<u>5127</u>	<u>51.00</u>
<u>5217</u>	<u>52.00</u>

Effective beginning December 31, 2003:

<u>5307</u>	<u>53.00</u>
<u>5397</u>	<u>54.00</u>
<u>5487</u>	<u>55.00</u>
<u>5577</u>	<u>56.00</u>

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

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

347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
any amount more than 2967	5500

Effective beginning December 31, 2000:

<u>3021</u>	<u>5600</u>
<u>3075</u>	<u>5700</u>
<u>3129</u>	<u>5800</u>
<u>3183</u>	<u>5900</u>
<u>3237</u>	<u>6000</u>

Effective beginning December 31, 2001:

<u>3291</u>	<u>6100</u>
<u>3345</u>	<u>6200</u>
<u>3399</u>	<u>6300</u>
<u>3453</u>	<u>6400</u>
<u>3507</u>	<u>6500</u>

Effective beginning December 31, 2002:

<u>3561</u>	<u>6600</u>
<u>3615</u>	<u>6700</u>
<u>3669</u>	<u>6800</u>
<u>3723</u>	<u>6900</u>
<u>3777</u>	<u>7000</u>

Effective beginning December 31, 2003:

<u>3831</u>	<u>7100</u>
<u>3885</u>	<u>7200</u>
<u>3939</u>	<u>7300</u>
<u>3993</u>	<u>7400</u>
<u>4047</u>	<u>7500</u>

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

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

~~(g) No relief association is authorized to provide a service pension in an amount greater than \$40 per month per year of service credit or in an amount greater than \$5,500 lump sum per year of service credit even if the minimum average amount of available financing per firefighter for a relief association providing a monthly benefit service pension is greater than \$4,137, or, for a relief association providing a lump sum service pension, is greater than \$2,967. No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.~~

Sec. 6. Minnesota Statutes 1998, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

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

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

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

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

(c) A relief association that provides a lump sum service pension may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid at the rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association, but not to exceed the interest rate specified in section 356.215, subdivision 4d, and must be in a separate account established and maintained by the relief association or in a separate investment vehicle held by the relief association or, if not, at the interest rate of five percent, compounded annually based on calendar year balances.

(d) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighter relief association that pays a lump sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

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

Sec. 7. Minnesota Statutes 1998, section 424A.02, subdivision 9, is amended to read:

Subd. 9. [LIMITATION ON ANCILLARY BENEFITS.] Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(~~a~~) (1) With respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (~~+~~) (i) terminates active service with the fire department and active membership in the relief association; and (~~2~~) (ii) commences receipt of a service pension as authorized pursuant to under this section; and

(~~b~~) (2) With respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension ~~shall~~ must be calculated using the service pension amount specified in the bylaws of the relief association and the years of service credited to the

member or former member. The years of service ~~shall~~ must be determined as of ~~(1)~~ (i) the date the member or former member became entitled to the ancillary benefit; or ~~(2)~~ (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit ~~shall~~ must be calculated ~~(1)~~ (i) without regard to whether the member or former member had attained the minimum amount of service and membership credit specified in the governing bylaws; and ~~(2)~~ (ii) without regard to the percentage amounts specified in subdivision 2; except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

Sec. 8. Minnesota Statutes 1998, section 424A.02, is amended by adding a subdivision to read:

Subd. 9b. [REPAYMENT OF SERVICE PENSION IN CERTAIN INSTANCES.] If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1, section 424A.001, subdivision 9, and by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person shall repay any previously received service pension.

Sec. 9. Minnesota Statutes 1998, section 424A.02, subdivision 13, is amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] (a) If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one 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 total service credit of ten years or more, if every affected relief association does not require only a five-year service vesting requirement, or five years or more, if every affected relief association requires only a five-year service vesting requirement, as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which. The member has 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 association secretary.

Sec. 10. Minnesota Statutes 1998, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) Every relief association directly associated with a municipal fire department shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees shall be the mayor, the clerk, clerk-treasurer or finance director, and the chief of the municipal fire department.

(b) Every relief association that is a subsidiary of an independent nonprofit firefighting corporation shall be managed by a board of trustees consisting of ten members. Six trustees shall be elected from the membership of the relief association, three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee shall be the fire chief. The bylaws of a relief

association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees who are the elected officials shall be selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the ex officio trustees shall be three elected officials of the contracting municipality who are designated by the governing body of the municipality;

(2) if two municipalities contract with the independent nonprofit firefighting corporation, the ex officio trustees shall be two elected officials of the largest municipality in population and one elected official of the next largest municipality in population who are designated by the governing bodies of the applicable municipalities; or

(3) if three or more municipalities contract with the independent nonprofit corporation, the ex officio trustees shall be one elected official of each of the three largest municipalities in population who are designated by the governing bodies of the applicable municipalities.

(c) If a relief association lacks the ex officio board members provided for in paragraph (a) or (b) because the fire department is not located in or associated with an organized municipality, the ex officio board members must be appointed from the fire department service area by the board of commissioners of the applicable county. The term of these appointed ex officio board members is three years or until the person's successor is qualified, whichever is later.

(d) An ex officio trustee under paragraph (a), (b), or (c) shall have all the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees.

(e) A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association, but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

Sec. 11. Minnesota Statutes 1998, section 424A.05, subdivision 3, is amended to read:

Subd. 3. [AUTHORIZED DISBURSEMENTS FROM THE SPECIAL FUND.] (a) Disbursements from the special fund ~~shall~~ are not permitted to be made for any purpose other than one of the following:

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

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

(3) For the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(4) For the payment of any funeral benefits to the surviving spouse, or if no surviving spouse, the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;

(5) For the payment of the fees, dues and assessments to the Minnesota state fire department association ~~and~~ to the Minnesota area relief association coalition, and to the state volunteer firefighters' benefit association in order to entitle relief association members to membership in and the benefits of these state associations or organizations; and

(6) For the payment of administrative expenses of the relief association as authorized pursuant to section 69.80.

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

Sec. 12. [VOLUNTEER FIREFIGHTERS LUMP SUM SERVICE BENEFITS.]

Subdivision 1. [APPLICATION.] This section applies to a surviving spouse of a person who:

(1) was born on August 18, 1941;

(2) was employed as a building inspector by the city of St. Paul;

(3) died during the course of his employment duties as a building inspector on December 24, 1997;

(4) began service as a volunteer firefighter for the Woodbury fire department in 1980 and continued that service up to the time of his death; and

(5) would have been eligible to retire as a volunteer firefighter and receive a lump sum service pension calculated at the rate of \$4,000 for each year of service on January 1, 1998.

Subd. 2. [ELIGIBILITY FOR BENEFIT.] Notwithstanding any law to the contrary, the eligible person described in subdivision 1 is entitled to receive a survivor benefit from the Woodbury fire department relief association benefit plan calculated at the rate that would have been in effect had the person described in subdivision 1 lived until January 1, 1998.

Subd. 3. [RESTRICTIONS.] This section does not authorize payment of more than a single survivor benefit to the eligible individual specified in subdivision 1. If a survivor benefit has been paid to the eligible individual by the Woodbury fire department relief association, this section authorizes payment to the eligible individual of the difference between the amount previously paid and the amount payable under the Woodbury fire department relief association benefit plan in effect on January 1, 1998, assuming the volunteer firefighter survived and provided service to that date.

Sec. 13. [EFFECTIVE DATE.]

(a) Sections 1 to 5 and 7 to 11 are effective on the day following final enactment.

(b) Section 6 is effective on the day following final enactment and, with the appropriate bylaw amendment and municipal approval, applies to deferred service pensions where deferral began before the effective date of the municipal approval.

(c) For a deferred service pension under section 6 that is invested in a separate account or separate investment vehicle, interest is payable up to the date of the transfer consistent with the law and bylaw provisions in effect when the firefighter terminated active firefighting service and actual investment performance thereafter.

(d) Section 12 is effective on the day after the date on which the Woodbury city council and the chief clerical officer of the city of Woodbury complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 15

DISSOLUTIONS AND CONSOLIDATIONS OF VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. [424B.01] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] Unless the context of the provision indicates that a different meaning is intended, each of the terms in the following subdivisions have the meaning indicated.

Subd. 2. [APPLICABLE MUNICIPALITY.] "Applicable municipality" means the municipality or municipalities in which a consolidating relief association is located and to which a consolidating relief association is associated by virtue of the presence of at least one municipal official on the relief association board of trustees under section 424A.04.

Subd. 3. [CONSOLIDATING RELIEF ASSOCIATION.] "Consolidating relief association" means a volunteer firefighter relief association organized under chapter 317A and governed by chapter 424A that has initiated or has completed the process of consolidating with one or more other relief associations under this chapter.

Subd. 4. [PRIOR RELIEF ASSOCIATIONS.] "Prior relief associations" means the two or more volunteer firefighter relief associations that have initiated the consolidation process under this chapter by action of the board of trustees of the relief association.

Subd. 5. [RELIEF ASSOCIATION MEMBERSHIP.] "Relief association membership" means all active members of the volunteer firefighter relief association, all deferred retirees and other vested inactive members of the volunteer firefighter relief association, and any persons regularly receiving a service pension or other retirement benefit from the volunteer firefighters relief association.

Subd. 6. [SUBSEQUENT RELIEF ASSOCIATION.] "Subsequent relief association" means the volunteer firefighters relief association that is designated to be the successor relief association in the consolidation initiative resolutions of the board of trustees of the prior relief associations or the volunteer firefighters relief association organized under chapters 317A and 424A for the purpose of operating as the successor relief association after consolidation under this chapter.

Sec. 2. [424B.02] [CONSOLIDATION AUTHORIZED.]

Subdivision 1. [INITIATION.] (a) With the approval of the governing body of each applicable municipality, two or more relief associations associated with fire departments serving contiguous fire districts may initiate the consolidation of the relief associations into a subsequent relief association.

(b) Initiation of a consolidation action must occur through the proposal of a consolidation resolution to the board of trustees of each volunteer firefighter relief association notification of the relief association membership of the potential consolidation and after conducting a public meeting on the consolidation question.

Subd. 2. [INITIATIVE PROCESSING; FILING.] (a) After a consolidation initiative resolution has been filed with the relief association board of trustees by one or more members of the board, the relief association secretary shall provide written notification of the initiative to the relief association membership. After notification of the relief association membership, the board of trustees must hold a public hearing on the initiative. After the hearing, the board of trustees shall act on the consolidation resolution.

(b) If the consolidation resolution is adopted by majority vote of the board of trustees, the secretary shall file a copy of the resolution with the other relief association or associations also considering consolidation.

(c) If two or more volunteer firefighter relief associations adopt a consolidation resolution, those relief associations are consolidated effective the next following January 1.

(d) Within 30 days of the adoption of the consolidation resolution by all prior relief associations, the secretaries of the applicable prior relief associations shall jointly notify in writing the state auditor, the commissioner of revenue, and the secretary of state of the consolidation.

Sec. 3. [424B.03] [SUBSEQUENT RELIEF ASSOCIATION.]

Subdivision 1. [NEW RELIEF ASSOCIATION.] If the subsequent relief association is a new volunteer firefighter relief association, the consolidated volunteer firefighters relief association must be incorporated under chapter 317A. The incorporators of the consolidated relief association must include at least one board member of each of the former volunteer firefighters relief associations.

Subd. 2. [SUCCESSOR RELIEF ASSOCIATION.] If the subsequent relief association is one of the prior relief associations, the articles of incorporation and bylaws must be appropriately revised, effective on the consolidation effective date, and a revised board of trustees must be elected before the consolidation effective date.

Sec. 4. [424B.04] [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [BOARD OF TRUSTEES.] The consolidated volunteer firefighters relief association is governed by a board of trustees as provided in section 424A.04, subdivision 1.

Subd. 2. [COMPOSITION OF BOARD.] The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the board members. A board of trustees member may not hold more than one officer position at the same time.

Subd. 3. [BOARD ADMINISTRATION.] The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of chapters 69, 356A, and 424A.

Sec. 5. [424B.05] [SPECIAL AND GENERAL FUNDS.]

The consolidated volunteer firefighters relief association must establish and maintain a special fund and a general fund. The special fund must be established and maintained as provided in section 424A.05. The general fund must be established and maintained as provided in section 424A.06.

Sec. 6. [424B.06] [TRANSFERS.]

Subdivision 1. [GENERALLY.] On the effective date of consolidation, the records, assets, and liabilities of the prior volunteer firefighter relief associations are transferred to the consolidated volunteer firefighters relief association. On the effective date of consolidation, the prior volunteer firefighters relief associations cease to exist as legal entities, except for the purposes of winding up association affairs as provided by this chapter.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the subsequent volunteer firefighters relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the prior volunteer firefighters relief associations shall transfer all records and documents relating to the prior relief associations to the secretary and treasurer of the subsequent volunteer firefighters relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of a prior volunteer firefighters relief association shall transfer the assets of the special fund of the applicable relief association to the special fund of the subsequent relief association. Unless the appropriate secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than cash. The transfer must include any accounts receivable. The appropriate secretary must settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the subsequent volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the subsequent volunteer firefighters relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The subsequent volunteer firefighters relief association is the successor in interest in all claims for and against the special funds of the prior volunteer firefighters relief associations or the applicable municipalities with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim against a prior relief association, the municipality in which that relief association is located, or any person connected with the prior relief association or the municipality, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or chapter 356A.

Sec. 7. [424B.07] [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.]

Before the effective date of consolidation, the secretaries of the volunteer firefighters relief associations shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before the effective date of consolidation, the respective relief associations must pay all applicable general fund expenses from their respective general funds. Any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the subsequent volunteer firefighter relief association.

Sec. 8. [424B.08] [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.]

Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the subsequent volunteer firefighters relief association, the prior volunteer firefighter relief associations cease to exist as legal entities for any purpose. The subsequent relief association secretary shall notify the following governmental officials of the termination of the respective volunteer firefighter relief associations and of the establishment of the subsequent volunteer firefighters relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and
- (4) commissioner of the federal Internal Revenue Service.

Sec. 9. [424B.09] [ADMINISTRATIVE EXPENSES.]

The payment of authorized administrative expenses of the subsequent volunteer firefighters relief association must be from the special fund of the subsequent volunteer firefighters relief association in accordance with section 69.80, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association. The payment of any other expenses of the subsequent volunteer firefighters relief association must be from the general fund of the subsequent volunteer firefighters relief association in accordance with section 69.80 and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association.

Sec. 10. [424B.10] [BENEFITS; FUNDING.]

Subdivision 1. [BENEFITS.] (a) Notwithstanding section 424A.02, subdivision 3, to the contrary, the service pension of the subsequent relief association as of the effective date of consolidation is the highest dollar amount service pension amount of any prior volunteer firefighters relief association in effect immediately before the consolidation initiation if the pension amount was implemented consistent with section 424A.02.

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

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

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

Sec. 11. [424B.20] [DISSOLUTION WITHOUT CONSOLIDATION.]

Subdivision 1. [APPLICABLE DISSOLUTIONS.] This section applies if the fire department associated with a volunteer firefighter relief association is dissolved or eliminated by action of the governing body of the municipality in which the fire department was located or by the independent nonprofit firefighting corporation, whichever applies, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is sought, or if a volunteer firefighter relief association is dissolved or eliminated with municipal approval, but the fire department associated with the volunteer firefighter relief association is not dissolved or eliminated, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is applicable.

Subd. 2. [PROCEDURES.] As part of the dissolution process, all legal obligations of the relief association other than service pensions and benefits must be settled under subdivision 3, a benefit trust must be established under subdivision 4, and the affairs of the relief association must be concluded under subdivision 5.

Subd. 3. [SETTLEMENT OF NONBENEFIT LEGAL OBLIGATIONS.] (a) Prior to the effective date of the dissolution of the volunteer firefighter relief association established by the relief association board of trustees, the board shall determine the following:

(1) the fair market value of the assets of the special fund;

(2) the total amount of the accounts payable and other legal obligations of the special fund, excluding the accrued liability of the special fund for service pensions and other benefits; and

(3) the accrued liability of the special fund for service pensions and other benefits payable or accrued under the applicable bylaws of the relief association and chapter 424A.

(b) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall liquidate sufficient special fund assets to pay the legal obligations of the special fund and must settle those legal obligations.

(c) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall settle the legal obligations of the general fund of the relief association.

Subd. 4. [BENEFIT TRUST FUND ESTABLISHMENT.] (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighter relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) The municipality in which is located a volunteer firefighter relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighter relief association and their beneficiaries to whom the volunteer firefighter relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with section 69.775 and chapter 356A. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality. If the special fund of the volunteer firefighter relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability.

Subd. 5. [RELIEF ASSOCIATION AFFAIRS WIND-UP.] Upon dissolution, the board of trustees of the volunteer firefighter relief association shall transfer the records of the relief association to the chief administrative officer of the applicable municipality. The board shall also notify the commissioner of revenue, the state auditor, and the secretary of state of the dissolution within 30 days of the effective date of the dissolution.

Sec. 12. [424B.21] [ANNUITY PURCHASES UPON DISSOLUTION.]

The board of trustees of a volunteer firefighter relief association that is scheduled for dissolution may purchase annuity contracts under section 424A.02, subdivision 8a, instead of transferring special fund assets to a municipal trust fund under section 424B.20, subdivision 4. Payment of an annuity for which a contract is purchased may not commence before the retirement age specified in the relief association bylaws and in compliance with section 424A.02, subdivision 1. Legal title to the annuity contract transfers to the municipal trust fund under section 424B.20, subdivision 4.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 424A.02, subdivision 11, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on July 1, 2000.

ARTICLE 16

MINNEAPOLIS POLICE AND
FIREFIGHTERS RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1998, section 423B.01, is amended to read:

423B.01 [MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 423B.01 to 423B.18, unless the context clearly indicates otherwise, each of the terms defined in this section has the indicated meaning.

Subd. 2. [ACTIVE MEMBER.] "Active member" means a person who was hired and duly appointed by the city of Minneapolis before May 1, 1959, as a police stenographer, police clerk, police telephone operator, police radio operator, or police mechanic or before June 15, 1980, as a police officer, police matron, or assistant police matron, who is regularly entered on the payroll of the police department, and who serves on active duty.

Subd. 3. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 4. [AGE.] "Age" means a person's age at the person's latest birthday.

Subd. 4 5. [ANNUAL POSTRETIREMENT PAYMENT.] "Annual postretirement payment" means the payment of a lump sum postretirement benefit under section 423B.15 to an eligible member on June 1 following the determination date in any year.

Subd. 5 6. [ASSOCIATION.] "Association" means the Minneapolis police relief association.

Subd. 7. [CITY.] "City" means the city of Minneapolis.

Subd. 8. [DETERMINATION DATE.] "Determination date" means December 31 of each year.

Subd. 6 9. [DISABILITY.] "Disability" means a physical or mental incapacity of an active member to perform the duties of the person's position in the service of the police department.

Subd. 7 10. [DISCHARGE.] "Discharge" means a complete separation from service in the police department.

Subd. 8 11. [ELIGIBLE MEMBER.] "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date.

Subd. 9 12. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Subd. 10 13. [FUND.] "Fund" means the special fund of the relief association.

Subd. 14. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 2 to an eligible member on June 1 following the determination date in the given year.

Subd. 15. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 11 16. [RETIRED MEMBER.] "Retired member" means a former active member who has terminated active service in the police department and who is entitled to receive a pension or benefit under sections 423B.01 to 423B.18, as amended, or any predecessor law.

Subd. 12 17. [SURVIVING SPOUSE MEMBER.] "Surviving spouse member" means the person who was the legally married spouse of the member, who was residing with the decedent, and who was married while or before the time the decedent was an active member and was on the payroll of the police department, and who, in case the deceased member was a pensioner or deferred pensioner, was legally married to the member at least one year before the decedent's termination of active service with the police department. The term does not include the surviving spouse who has deserted a member or who has not been dependent upon the member for support, nor does it include the surviving common law spouse of a member.

Subd. ~~13~~ 18. [TIME WEIGHTED TOTAL RATE OF RETURN.] "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 19. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by section 423B.15, subdivision 2, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423B.15, subdivision 2, equals or exceeds 110 percent.

Subd. ~~14~~ 20. [UNIT.] "Unit" means one-eightieth of the current monthly salary of a first grade patrol officer.

Subd. ~~15~~ 21. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Sec. 2. [423B.151] [EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [DETERMINATION OF NET TOTAL EXCESS AMOUNT.] The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this section must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, 356.216, and this act, except to offset the amount distributed.

Subd. 2. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under subdivision 1 is available for excess asset amount payments under subdivision 3.

Subd. 3. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 4, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 2 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 4. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the member's estate.

Subd. 5. [PAYMENT METHOD.] The excess asset amount payments determined under this section commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Subd. 6. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.] No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 3. [423B.19] [CITY OF MINNEAPOLIS; NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding section 69.77, 356.215, 356.216, or any other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 4. [423B.20] [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of section 69.77 or any other law to the contrary, if a total excess asset amount exists, as defined in section 423B.01, subdivision 19, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 5. [423B.21] [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the association indicates an unfunded actuarial accrued liability after the fund has first achieved 100 percent funding, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 6. [MINNEAPOLIS FIRE RELIEF ASSOCIATION; SURVIVOR BENEFIT PAYMENT.]

Subdivision 1. [SURVIVING SPOUSE BENEFIT ELIGIBILITY.] (a) Notwithstanding Laws 1997, chapter 233, article 4, section 12, or other law to the contrary, an eligible individual specified in paragraph (b) is authorized to receive the benefit specified in subdivision 2.

(b) An eligible individual is an individual born on May 27, 1927, who married a Minneapolis fire relief association retiree on January 16, 1993, and who is a surviving spouse due to the death of that retired firefighter on October 2, 1997.

Subd. 2. [BENEFIT.] (a) An eligible individual under subdivision 1, paragraph (b), is entitled to a surviving spouse benefit computed under Laws 1997, chapter 233, article 4, section 12, clause (f).

(b) Benefits payable as a result of the benefit authorized in paragraph (a) commence on the first of the month following the effective date of this section.

Sec. 7. [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] Unless the context clearly indicates otherwise, the following terms have the meaning given in this section.

Subd. 2. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 3. [ASSOCIATION.] "Association" means the Minneapolis firefighter's relief association.

Subd. 4. [CITY.] "City" means the city of Minneapolis.

Subd. 5. [ELIGIBLE MEMBER.] "Eligible member" is a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 6. [FUND.] "Fund" means the association's special fund.

Subd. 7. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 3 to an eligible member on June 1 following the determination date in the given year.

Subd. 8. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 9. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with Minnesota Statutes, sections 69.77, 356.215, and 356.216, with adjustments required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, equals or exceeds 110 percent.

Sec. 8. [DETERMINATION OF NET TOTAL EXCESS ASSET AMOUNT.]

The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under section 9 must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216, and this act, except to offset the amount distributed.

Sec. 9. [AMOUNT OF NET EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under section 8 is available for net excess asset amount payments under subdivision 2.

Subd. 2. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 3, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 1 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 3. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full net excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated net excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay that eligible member's net excess asset amount payment to the eligible member's estate.

Subd. 4. [PAYMENT METHOD.] The net excess asset amount payments determined under subdivisions 2 and 3 commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Sec. 10. [CITY NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding Minnesota Statutes, sections 69.77, 356.215, and 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 11. [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of Minnesota Statutes, section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 7, subdivision 9, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 12. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.]

No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 13. [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding Minnesota Statutes, section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the Minneapolis firefighters relief association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 5 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 6 is effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

(c) Sections 7 to 13 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

ARTICLE 17

VARIOUS INDIVIDUAL AND SMALL
GROUP PENSION PROVISIONS

Section 1. [MSRS-GENERAL; LATE DISABILITY BENEFIT APPLICATION AUTHORIZED.]

(a) Notwithstanding any provision of Minnesota Statutes, section 352.113, subdivision 4, to the contrary, a person described in paragraph (b) is authorized to apply for a disability benefit from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 352.113.

(b) An eligible person is a person who:

(1) was born on October 3, 1952;

(2) was employed by the department of economic security from August 1978 to December 1994;

(3) is disabled within the meaning of Minnesota Statutes, section 352.01, subdivision 17;

(4) began receiving social security disability insurance benefits in January 1995; and

(5) began part-time employment in January 1998 and continues in that employment with the Minnesota state council on disability.

(c) The eligible person under paragraph (b) must provide, in conjunction with the disability application, any relevant evidence that the executive director of the Minnesota state retirement system requires about the existence of a total and permanent disability as defined in Minnesota Statutes, section 352.01, subdivision 17, and about the date on which the disability occurred and its relationship to the termination of active service in December 1994.

(d) If the eligible person files a disability benefit application and if the eligible person provides sufficient evidence of disability and the occurrence of the disability under paragraph (c), the disability benefit becomes payable for the first month next following the application and applicable evidence. The disability benefit must be calculated under the laws in effect at the time that the eligible person terminated active service in December 1994. The disability benefit must include any applicable deferred annuities augmentation under Minnesota Statutes, section 352.72, subdivision 2.

(e) Nothing in this section may be deemed to exempt the eligible person from the partial reemployment of a disabilitant provision described in Minnesota Statutes, section 352.113, subdivision 7.

Sec. 2. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR UNCREDITED HENNEPIN COUNTY EMPLOYMENT.]

(a) An eligible person described in paragraph (b) is entitled to obtain one year of allowable service credit from the general employees retirement plan of the public employees retirement association.

(b) An eligible person is a person who:

(1) was born April 12, 1936;

(2) retired from the teachers retirement association on July 1, 1997;

(3) is currently a recipient of a retirement annuity from the teachers retirement association and a retirement annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) was employed during the period September 1966 through September 1967 by Hennepin county as a parole officer, when member contributions for retirement coverage were deducted, but for which no allowable service credit in the general employees retirement plan of the public employees retirement association was recorded.

(c) Notwithstanding any provision of Minnesota Statutes, sections 353.29, subdivision 7, and 356.30, to the contrary, an eligible person may file an application for a retirement annuity from the general employees retirement plan of the public employees retirement association retroactive to July 1, 1997, with benefits paid retroactive to that date, and may have the annuity calculated as a combined service annuity.

(d) The allowable service credit must be granted by the public employees retirement association upon the filing of a valid retirement application by the eligible person.

(e) Within 30 days of the receipt of that application by the public employees retirement association and notification by the public employees retirement association to the county administrator, Hennepin county may pay one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55. If Hennepin county does not pay the required amount in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid or state appropriation payable to Hennepin county that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month from the filing of the retirement application under paragraph (d) to the date of deduction.

(f) An amount equal to one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, must be charged against the public employees retirement association as an administrative expense.

(g) This allowable service credit provision expires on January 1, 2001.

Sec. 3. [PAYMENT OF OMITTED SALARY DEDUCTIONS.]

Subdivision 1. [APPLICATION.] A person who was born on October 23, 1943, was employed by Dakota county as a part-time maintenance employee on October 16, 1985, and first had public employees retirement association member contributions deducted as of September 15, 1986, is entitled to purchase eight months of service credit from the public employees retirement association.

Subd. 2. [PAYMENT.] The purchase payment amount for the service credit purchase authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55. Notwithstanding any provision of Minnesota Statutes, section 356.55, subdivision 5, to the contrary, the eligible person must pay, on or before June 1, 2001, an amount equal to the employee contribution rate applied to the person's actual salary rate in effect between January 17, 1986, and September 15, 1986, plus annual compound interest at the rate of 8.5 percent from the date that the employer contributions should have been paid and the date of actual payment. Dakota county shall pay the balance of the required purchase payment amount within 30 days of the payment by the eligible person. If Dakota county fails to pay its required amount, the executive director of the public employees retirement association may notify the commissioner of finance of that fact and the commissioner of finance may order that the required amount be deducted from any subsequent state payment to Dakota county and transmitted to the public employees retirement association.

Subd. 3. [APPLICATION; DOCUMENTATION.] A person described in subdivision 1 must apply with the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. [LIMITATION.] Authority under this section expires on July 1, 2001.

Sec. 4. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; REDUCED SERVICE CREDIT REQUIREMENT FOR DISABILITY BENEFIT APPLICATION.]

(a) An eligible person described in paragraph (b) is entitled to apply for a disability benefit from the general employees retirement plan of the public employees retirement association with 14 months of service credit subsequent to the person's last termination of membership, notwithstanding any provision to the contrary of Minnesota Statutes, section 353.33, subdivision 1.

(b) An eligible person is a person who:

(1) was born on May 30, 1945;

(2) began public employment with Todd county in November 1978;

- (3) first terminated public employment in August 1982;
- (4) resumed public employment with Morrison county in October 1987;
- (5) subsequently terminated public employment with Meeker county in November 1997;
- (6) resumed public employment with Todd county in August 1998; and
- (7) subsequently terminated public employment October 8, 1999.

Sec. 5. [TEACHERS RETIREMENT ASSOCIATION; REFUND OF CERTAIN INTEREST CHARGES.]

(a) Upon filing a written demand for the interest refund, a person described in paragraph (b) is entitled to receive a refund of interest specified in paragraph (c) for the period during which the teachers retirement association was negligent in providing accurate information to the eligible person or was negligent in making timely reports to other Minnesota public pension plans in which the eligible person has service credit.

(b) An eligible person is a person who:

- (1) retired from the teachers retirement association effective September 1, 1999;
 - (2) repaid a previously taken refund to the teachers retirement association on August 23, 1999, restoring 10.979 years of allowable service credit;
 - (3) began the retirement application and refund repayment process in February 1999 and was first able to file retirement forms with the teachers retirement association office on August 27, 1999; and
 - (4) was charged interest on the repayment of refund for the period during which the teachers retirement association failed to provide requested information and failed to contact the public employees retirement association and the St. Paul teachers retirement fund association.
- (c) The refund interest rate is 0.708 percent per month, compounded monthly, on the refund repayment amount that would have been payable on April 15, 1999, applied to the period April 15, 1999, to August 23, 1999, and 8.5 percent per year, compounded annually, on that initially determined amount from August 23, 1999, until the interest repayment is made.
- (d) The interest refund is payable on the first day of the month next following the date on which the eligible person files the written demand under paragraph (a).

Sec. 6. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

- (1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;
- (2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage independent contract social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) The prior service credit purchase payment amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That computation must, in applying the process stated in Minnesota Statutes, section 356.55, give recognition to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

Sec. 7. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; PRIOR SERVICE CREDIT PURCHASE AUTHORIZATION.]

(a) Notwithstanding any provision of law to the contrary, a person described in paragraph (b) is authorized to purchase allowable service credit from the basic program of the Minneapolis teachers retirement fund association for the period described in paragraph (c) by making the payment specified in paragraph (d).

(b) An eligible person for purposes of paragraph (a) is a person who:

(1) was born on October 1, 1942;

(2) is currently employed by special school district No. 1 (Minneapolis) and is currently a member of the Minneapolis teachers retirement fund association;

(3) was initially hired by special school district No. 1 (Minneapolis) on November 13, 1967, and taught at Sanford junior high school until June 1968;

(4) was reemployed by special school district No. 1 (Minneapolis) as an adult basic education English and social studies teacher on May 25, 1970, and continued to teach in that program until December 17, 1984; and

(5) as a result of binding arbitration of an employment dispute, was employed by special school district No. 1 (Minneapolis) as an English teacher at Franklin junior high school on December 17, 1984.

(c) The service credit purchase period is any period between May 25, 1970, to December 17, 1984, that has not previously been credited by the Minneapolis teachers retirement fund association.

(d) To purchase the allowable service credit, the eligible person must pay to the Minneapolis teachers retirement fund association the prior service credit purchase payment calculated under Minnesota Statutes, section 356.55.

(e) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b) and any other applicable information that the executive director of the Minneapolis teachers retirement fund association may request.

(f) This prior service credit purchase authority expires on July 1, 2001, or on the date of the eligible person's termination of active service with special school district No. 1 (Minneapolis), whichever is earlier.

Sec. 8. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR INDEPENDENT CONTRACT UNCREDITED TEACHING SERVICE PERIOD.]

(a) An eligible person described in paragraph (b) is authorized to purchase allowable service credit from the Minneapolis teachers retirement fund association for the period of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55, by the last date authorized for receiving payment under that section, or the eligible person's effective date of retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on May 22, 1939;

(2) was employed by special school district No. 1 (Minneapolis) and covered as an active member by the Minneapolis teachers retirement fund association from July 27, 1962, to June 11, 1967; and

(3) was retained by special school district No. 1 (Minneapolis) at an hourly wage rate as a teacher in the adult basic education program from April 23, 1980, to September 28, 1992.

(c) The period for allowable service credit purchase is from April 23, 1980, to September 28, 1992.

(d) An eligible person under paragraph (b) must provide any relevant documentation related to eligibility to make this service credit purchase which is required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) A service credit purchase is not authorized for any portion of the April 23, 1980, to September 28, 1992, period for which the eligible individual signed an independent contract which waives pension coverage by the Minneapolis teachers retirement fund association for the period covered by the contract, or for any period for which administrators for special school district No. 1 (Minneapolis) or the Minneapolis teachers retirement fund association determine that the individual was serving as an independent contractor.

Sec. 9. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on August 15, 1951;

(2) was hired by the city of Minneapolis as a maintenance worker/truck driver on June 1, 1976, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis and covered by the Minneapolis employees retirement association.

(c) The period for allowable service credit purchase is a period during 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 10. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period or periods of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on December 17, 1953;

(2) was hired by the city of Minneapolis as a full-time maintenance worker on February 2, 1974, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis, covered by the Minneapolis employees retirement association.

(c) The periods for allowable service credit purchase are periods during 1974 and 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 11. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 4 to 10 are effective on the day following final enactment.

(b) Section 3 is effective on the day after the date on which the Dakota county board of commissioners and the chief clerical officer of Dakota county complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 1 expires, if not utilized, on December 31, 2000."

Delete the title and insert:

"A bill for an act relating to retirement; public pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions, and funding surplus recognition method; revising reemployed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association postretirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; and 424A.05, subdivision 3; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivision 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1, and 1b; and 423A.02, subdivisions 1b, 4, and 5; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; 423B; 424B; repealing Minnesota Statutes 1998, sections 353.024; 354.52, subdivision 2; 354A.31, subdivision 3a; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 136F.48; 352.1155, subdivisions 1 and 4; 354.445; 356.24, subdivision 1a; and 356.61."

The motion prevailed and the amendment was adopted.

Mares moved to amend S. F. No. 2796, as amended, as follows:

Page 37, lines 9 and 10, reinstate "to be received"

Page 61, line 4, delete "normal retirement"

Page 61, line 5, reinstate "65"

Page 61, line 12, delete "normal retirement" and reinstate "65"

Page 61, line 18, delete "normal retirement" and reinstate "65"

Page 61, line 20, delete "normal retirement"

Page 61, line 21, reinstate "65"

Page 61, line 25, reinstate "65" and delete "the normal retirement age"

Page 64, line 29, delete "remitted to" and insert "received by"

The motion prevailed and the amendment was adopted.

Dempsey moved to amend S. F. No. 2796, as amended, as follows:

Page 90, after line 36, insert:

"Sec. 7. [SPECIAL PART-TIME TEACHER PROGRAM AUTHORITY; CERTAIN TEACHERS.]

(a) Notwithstanding the requirement in Minnesota Statutes, section 354.66, subdivision 2, that part-time teacher program agreements must be executed before October 1 of the school year for which the teacher requests to make retirement contributions under the part-time teacher program, an eligible teacher under paragraph (b) is authorized to participate in the part-time teacher program under Minnesota Statutes, section 354.66, during the 1999-2000 school year.

(b) An eligible teacher is a teacher:

(1) employed by school district no. 11 (Anoka-Hennepin);

(2) whose part-time teaching agreement under Minnesota Statutes, section 354.66, was executed after October 1, 1999 but before the end of the 1999-2000 school year; and

(3) was born on October 16, 1947, or October 19, 1957.

(c) If full-time equivalent employee contributions were not made for the full period covered by the part-time teaching agreement indicated under paragraph (b), any omission or deficiency in employee contributions must be paid by the employee on or before the due date of any payment required under Minnesota Statutes, section 354.66, subdivision 4.

(d) Notwithstanding Minnesota Statutes, section 354.66, subdivision 2, the fine required under that subdivision is waived providing that the part-time teaching agreement is filed with the teachers retirement association by May 30, 2000. If a part-time teaching agreement referred to under paragraph (b) is not filed with the teachers retirement association before July 1, 2000, the authority provided by this section is voided."

Page 91, after line 1, insert:

"Sec. 8. [EFFECTIVE DATE.]

Section 7 is effective on the day following final enactment."

The motion prevailed and the amendment was adopted.

Holsten and Larsen, P., moved to amend S. F. No. 2796, as amended, as follows:

Page 147, after line 32, insert:

"Sec. 11. [SURVIVOR BENEFITS.]

Notwithstanding any provision of Minnesota Statutes, section 353.657, subdivision 1, requiring a specified period of marriage to obtain survivor benefits, the surviving spouse of a firefighter who was born on March 11, 1969, and who died in an accident on February 6, 2000, is entitled to survivor benefits provided in section 353.657."

Page 147, line 33, delete "11" and insert "12"

Page 148, after line 6, insert:

"(d) Section 11 is effective the day following final enactment and applies retroactively to the surviving spouse of a person who died on or after February 1, 2000."

The motion prevailed and the amendment was adopted.

Osskopp moved to amend S. F. No. 2796, as amended, as follows:

Page 148, after line 6, insert:

"ARTICLE 18

RETIREMENT HEALTH CARE PROVISIONS

Section 1. [352G.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] Unless the language or context clearly indicates that a different meaning is intended, the terms defined in this section, for the purposes of this chapter, have the meanings given them.

Subd. 2. [ACCUMULATED CONTRIBUTIONS.] "Accumulated contributions" means the total deductions made from the salary of an employee into the health care reimbursement plan.

Subd. 3. [ALLOWABLE SERVICE.] "Allowable service" means allowable service under chapter 3A, 352, 352B, 352D, or 490 except any allowable service reinstated by repaying a refund on or after July 1, 2000.

Subd. 4. [BOARD.] "Board" means the board of directors of the Minnesota state retirement system established under section 352.03.

Subd. 5. [DESIGNATED BENEFICIARY.] "Designated beneficiary" means the designated beneficiary established by the included participants or eligible retired employees under the retirement plan under chapter 3A, 352, 352B, 352D, or 490.

Subd. 6. [DISABLED EMPLOYEE.] "Disabled employee" means an employee who has been determined disabled under chapter 3A, 352, 352B, 352D, or 490.

Subd. 7. [ELIGIBLE RETIRED EMPLOYEE.] "Eligible retired employee" means a former employee who is drawing monthly retirement benefits under chapter 3A, 352, 352B, 352D, or 490, and who has at least 15 years of allowable service and was eligible to draw retirement benefits at the time of separation from state service.

Subd. 8. [EMPLOYEE.] "Employee" means a person contributing to a retirement plan under chapter 3A, 352, 352B, 352D, or 490.

Subd. 9. [EXECUTIVE DIRECTOR.] "Executive director" means the executive director of the Minnesota state retirement system under section 352.03, subdivision 5.

Subd. 10. [INCLUDED PARTICIPANTS.] "Included participants" means persons contributing to a retirement plan under chapter 3A, 352, 352B, 352D, or 490 on or after July 1, 2000.

Subd. 11. [INELIGIBLE TERMINATED EMPLOYEE.] "Ineligible terminated employee" means a former employee who is not eligible for benefits from the health care reimbursement plan.

Subd. 12. [SALARY.] "Salary" means wages, or other periodic compensation paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. Lump sum sick leave payments, severance payments, lump sum annual leave payments and overtime payments made at the time of separation from service, payments in lieu of any employee-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit, workers' compensation payments, employer contributions to a deferred compensation or tax-sheltered annuity program, and amounts contributed under a benevolent vacation and sick leave donation program, are not salary.

Sec. 2. [352G.02] [HEALTH CARE REIMBURSEMENT PLAN.]

Subdivision 1. [ESTABLISHMENT.] There is established the health care reimbursement plan for employees covered under chapter 3A, 352, 352B, 352D, or 490. This plan must meet qualification requirements under the Internal Revenue Code, section 401(h), to ensure that both contributions and benefit payments are tax free.

Subd. 2. [EMPLOYEES COVERED.] Every employee contributing to a plan under chapter 3A, 352, 352B, 352D, or 490 on or after July 1, 2000, is covered by the health care reimbursement plan. Acceptance of employment or continuance in service in which contributions are made under chapter 3A, 352, 352B, 352D, or 490 is deemed consent to have deductions made from salary for deposit to the credit of the account of the employee in the health care reimbursement plan.

Sec. 3. [352G.03] [COVERAGE TERMINATION.]

Coverage of any person under the health care reimbursement plan ends when the person ceases to be an employee or is no longer covered by a pension plan under chapter 3A, 352, 352B, 352D, or 490.

Sec. 4. [352G.04] [APPEALS PROCEDURE.]

A decision of the executive director may be appealed under the procedure established in section 352.031.

Sec. 5. [352G.05] [EMPLOYEES HEALTH CARE REIMBURSEMENT FUND, CONTRIBUTIONS BY EMPLOYEE.]

Subdivision 1. [FUND CREATED.] There is created a special fund to be known as the health care reimbursement fund. Employee contributions, investment returns, and any other amounts authorized by law shall be deposited in this fund. Money in the fund is appropriated to the board for purposes of this chapter.

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to 0.75 percent of salary. These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

Subd. 3. [OMITTED SALARY DEDUCTIONS.] If a department fails to take deductions from an employee's salary as provided in this section, the collection of omitted deduction must be made in accordance with section 352.04, subdivision 8, paragraphs (a), (b), and (c).

Subd. 4. [ERRONEOUS DEDUCTIONS; CANCELED WARRANTS.] Deductions taken from the salary of an employee for the health care reimbursement fund in error must, upon discovery and verification by the department making the deduction, be refunded to the employee in accordance with section 352.04, subdivision 9.

Subd. 5. [FUND DISBURSEMENT RESTRICTED.] The health care reimbursement fund must be disbursed only for the purposes provided by law. The expenses of the health care reimbursement plan and any benefits provided by law must be paid from the health care reimbursement fund. Refunds under section 352G.10, subdivisions 1 and 2, must be paid from the contributions prior to being invested in the health care reimbursement fund.

Sec. 6. [352G.06] [STATE TREASURER TO BE TREASURER OF THE HEALTH CARE REIMBURSEMENT FUND.]

The state treasurer and the treasurer's successor is ex officio treasurer of the health care reimbursement fund. The general bond to the state shall cover all liability for actions as treasurer of these funds. Funds of the system received by the treasurer must be set aside in the state treasury and credited to the health care reimbursement fund. The treasurer and the treasurer's successor shall deliver to the executive director copies of all payroll abstracts of the state together with the commissioner of finance's warrants covering the deductions made on these payroll abstracts for the health care reimbursement fund. The executive director shall have a list made of the commissioner of finance's warrants. These warrants must then be deposited with the state treasurer or the treasurer's successor to be credited to the health care reimbursement fund. The treasurer shall pay out of this fund only on warrants issued by the commissioner of finance, upon abstracts signed by the director, or by the finance officer designated by the director during the disability or the absence of the director. Abstracts for investments may be signed by the executive director of the state board of investment.

Sec. 7. [352G.07] [INVESTMENT BOARD TO INVEST FUNDS.]

The director shall, from time to time, certify to the state board of investment any portions of the health care reimbursement fund that in the judgment of the director are not required for immediate use. The state board of investment shall invest and reinvest sums so transferred, or certified, in securities that are duly authorized legal investments under section 11A.24. Amounts invested in the health care reimbursement fund must be accounted for separately from the retirement funds invested by the investment board.

Sec. 8. [352G.08] [HEALTH CARE REIMBURSEMENT PLAN BENEFITS.]

Subdivision 1. [AGE AND SERVICE REQUIREMENTS.] After separation from service, an employee who has attained the age of at least 60, who has at least 15 years of allowable service, and is immediately eligible for retirement or disability benefits or an employee who qualifies for the rule of 90 regardless of age, is entitled upon application to benefits from the health care reimbursement plan as long as the employee has not accepted a refund under section 352G.10, subdivisions 1 and 2, or has repaid all refunds to the health care reimbursement plan under section 352G.10, subdivision 4. Benefits are not payable to an eligible disabled employee who is no longer collecting disability or retirement benefits.

Subd. 2. [BENEFIT SCHEDULE.] Those meeting the eligibility requirements in subdivision 1 will be entitled to the following monthly benefits:

<u>Retirement Date</u>	<u>Monthly Benefits</u>
<u>July 1, 2000 - June 30, 2002</u>	<u>\$20</u>
<u>July 1, 2002 - June 30, 2003</u>	<u>\$25</u>
<u>July 1, 2003 - June 30, 2004</u>	<u>\$30</u>
<u>July 1, 2004 - June 30, 2005</u>	<u>\$40</u>
<u>July 1, 2005 - June 30, 2006</u>	<u>\$50</u>
<u>July 1, 2006 - June 30, 2007</u>	<u>\$60</u>
<u>July 1, 2007 - June 30, 2008</u>	<u>\$75</u>
<u>July 1, 2008 - June 30, 2009</u>	<u>\$90</u>
<u>July 1, 2009 - June 30, 2010</u>	<u>\$105</u>
<u>July 1, 2010 - June 30, 2011</u>	<u>\$120</u>
<u>July 1, 2011 - June 30, 2012</u>	<u>\$135</u>
<u>July 1, 2012 - June 30, 2013</u>	<u>\$150</u>
<u>July 1, 2013 - and after</u>	<u>\$165</u>

Subd. 3. [PAYMENTS.] The first monthly payment will begin on July 1, 2002, and will be based on the schedule above. No monthly payments will be made prior to July 1, 2002. Payments will be paid directly to the eligible retired employee, but only upon providing documentation that the money is used to offset health insurance premiums or any other health expenses to meet the requirements under the Internal Revenue Code, section 401(h). At the discretion of the executive director, payments may be added to the monthly retirement checks received by the eligible retired employee.

Subd. 4. [TERMINATION OF BENEFITS.] Monthly benefits will terminate upon the death of the member and will not continue to a survivor or designated beneficiary.

Sec. 9. [352G.09] [ANNUAL INCREASES, CALCULATION OF HEALTH INSURANCE PLAN INFLATION ADJUSTMENT.]

(a) Annually, following June 30, the Minnesota state retirement system shall use the procedures in paragraph (b) to determine whether an inflation adjustment is payable and to determine the amount of the adjustment.

(b) If the medical inflation index increases from June 30 of the preceding year to June 30 of the current year, the Minnesota state retirement system shall certify the percentage increase. The amount certified is the lesser of the medical inflation index or three percent. The board, at its discretion, can decrease the adjustment in any year in order to maintain the financial integrity of the health insurance plan which includes avoiding projected unfunded liability. The board will seek advice from an approved actuary in determining if the inflation adjustment should be lowered.

(c) If an increase is payable, it will be made the following January 1. An eligible retired employee who has been receiving health insurance reimbursement benefits for at least 12 months as of the current June 30 is eligible to receive a full insurance plan inflation adjustment. An eligible retired employee who has been receiving a health insurance benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial inflation adjustment as follows:

<u>Month Retired</u>	<u>Fraction of the Increase</u>
<u>July</u>	<u>11/12</u>
<u>August</u>	<u>10/12</u>
<u>September</u>	<u>9/12</u>
<u>October</u>	<u>8/12</u>
<u>November</u>	<u>7/12</u>
<u>December</u>	<u>6/12</u>
<u>January</u>	<u>5/12</u>
<u>February</u>	<u>4/12</u>
<u>March</u>	<u>3/12</u>
<u>April</u>	<u>2/12</u>
<u>May</u>	<u>1/12</u>

Sec. 10. [352G.10] [REFUND OF EMPLOYEE CONTRIBUTIONS.]

Subdivision 1. [REFUND.] An ineligible terminated employee, an eligible retired employee who has not yet begun collecting benefits, or an employee who moves to a position no longer covered by chapter 3A, 352, 352B, 352D, or 490 may apply for a refund provided in subdivision 2. Application for a refund may be made after the termination of service if the applicant has not again become an employee required to be covered by the system.

Subd. 2. [AMOUNT OF REFUND.] The refund payable to a person defined in subdivision 1 is an amount equal to employee contributions plus interest at a rate of four percent per year compounded annually. The amount of the refund is paid from contributions paid under section 352G.05 prior to the money being invested in the health care reimbursement fund.

Subd. 3. [TERMINATION OF RIGHTS.] When an ineligible terminated employee or an eligible retired employee accepts a refund as provided in subdivision 2, all existing service and all rights and benefits to which the employee was entitled before accepting the refund terminate.

Subd. 4. [REPAYMENT OF REFUND.] An included participant may repay a refund paid under subdivision 2 by paying the amount refunded plus 8.5 percent interest compounded annually. All refunds must be paid before termination or within one month following termination of state service.

Sec. 11. [352G.11] [PAYMENTS UPON THE DEATH OF AN INCLUDED PARTICIPANT.]

Upon the death of an included participant or a person not yet collecting monthly benefits under this section, the designated beneficiary is entitled to a refund of contributions plus four percent interest, compounded annually.

Sec. 12. [352G.12] [PAYMENT UPON THE DEATH OF AN ELIGIBLE RETIRED EMPLOYEE.]

Upon the death of an eligible retired employee who has started collecting monthly benefits, the designated beneficiary is entitled to a refund of the eligible retired employee's contributions plus four percent interest compounded annually until the date of termination of service less the monthly benefits that have been paid.

Sec. 13. [FIRST INCREASE.]

An eligible or retired eligible employee would first be eligible for an increase on January 1, 2003. The required reserves to support the payment must be transferred on July 1, 2001.

Sec. 14. [UNLIMITED RIGHT TO AMEND.]

Notwithstanding any other provision of the health benefit fund and provisions of the Internal Revenue Code, the provisions governing the health care reimbursement plan may be amended at any time and in any manner for any reason whatsoever. This right to amend includes, but is not limited to, the right to reduce or eliminate prospectively or retroactively any or all health benefits under the health care reimbursement plan for any or all persons who may be members, retirees, and other recipients, or otherwise may be entitled to health benefits under this plan. Benefits may be reduced or eliminated for any or all persons including members, retirees, and other recipients, even if they are then entitled to or are receiving health benefits.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective July 1, 2000."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker called Boudreau to the Chair.

The question was taken on the Osskopp amendment and the roll was called. There were 95 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Jaros	Luther	Otremba	Solberg
Anderson, I.	Finseth	Jennings	Mahoney	Ozment	Stanek
Bakk	Folliard	Johnson	Mares	Paymar	Storm
Biernat	Fuller	Juhnke	Mariani	Pelowski	Swapinski
Boudreau	Gleason	Kahn	Marko	Peterson	Swenson
Carlson	Goodno	Kalis	McCollum	Pugh	Tingelstad
Carruthers	Gray	Kelliher	McGuire	Rest	Tomassoni
Chaudhary	Greiling	Knoblach	Milbert	Rhodes	Trimble
Clark, K.	Haas	Koskinen	Molnau	Rostberg	Tunheim
Daggett	Hackbarth	Kubly	Mullery	Rukavina	Vandever
Davids	Hasskamp	Larsen, P.	Murphy	Schumacher	Wagenius
Dawkins	Hausman	Larson, D.	Ness	Seifert, J.	Wejcmán
Dehler	Hilty	Leighton	Opatz	Seifert, M.	Wenzel
Dempsey	Holsten	Lenczewski	Orfield	Skoe	Westerberg
Dorman	Howes	Leppik	Osskopp	Skoglund	Winter
Dorn	Huntley	Lieder	Osthoff	Smith	

Those who voted in the negative were:

Abrams	Cassell	Holberg	Mulder	Rifenberg	Westfall
Anderson, B.	Clark, J.	Kielkucki	Nornes	Seagren	Westrom
Bishop	Erickson	Krinkie	Olson	Stang	Wilkin
Bradley	Gerlach	Kuisle	Paulsen	Sykora	Wolf
Broecker	Haake	Lindner	Pawlenty	Tuma	Workman
Buesgens	Harder	McElroy	Reuter	Van Dellen	Spk. Sviggum

The motion prevailed and the amendment was adopted.

Abeler, Storm, Fuller, Leppik, Schumacher, Opatz, Pelowski, Westerberg, Howes, Tingelstad and Carlson moved to amend S. F. No. 2796, as amended, as follows:

Page 26, delete section 11

Page 27, line 2, delete "11" and insert "10"

ReNUMBER the sections in article 2 in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kahn and Krinkie moved to amend S. F. No. 2796, as amended, as follows:

Page 102, line 16, after "(3)" insert "and the analysis required under paragraph (b) indicates that improved investment performance will not be able to remedy the shortfall."

Page 102, line 19, after "(b)" insert "For each volunteer firefighter relief association seeking additional state revenue under this section, the office of the state auditor shall:

(1) compare the investment performance of the relief association with that of either the similarly situated volunteer firefighter relief association with the greatest most recent five year average time weighted total investment rate of return or the income share account of the Minnesota supplemental investment fund, whichever the relief association designates;

(2) calculate the applicant relief association's financial situation if the relief association matched that of the association with the highest rate of return; and

(3) determine whether or not an annual funding shortfall would still be present if that improved investment performance had actually occurred.

(c)"

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Kahn and Krinkie amendment and the roll was called. There were 16 yeas and 115 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dawkins	Hausman	McGuire	Osthoff	Wejcman
Buesgens	Gray	Kahn	Olson	Paymar	
Clark, K.	Greiling	Krinkie	Orfield	Wagenius	

Those who voted in the negative were:

Abeler	Dorman	Holberg	Leighton	Ness	Schumacher
Abrams	Dorn	Holsten	Lenczewski	Nornes	Seagren
Anderson, I.	Entenza	Howes	Leppik	Opatz	Seifert, J.
Bakk	Erickson	Huntley	Lieder	Osskopp	Seifert, M.
Bishop	Finseth	Jaros	Lindner	Otremba	Skoe
Boudreau	Folliard	Jennings	Luther	Ozment	Skoglund
Bradley	Fuller	Johnson	Mahoney	Paulsen	Smith
Broecker	Gerlach	Juhnke	Mares	Pawlenty	Solberg
Carlson	Gleason	Kalis	Mariani	Pelowski	Stanek
Carruthers	Goodno	Kelliher	Marko	Peterson	Stang
Cassell	Gunther	Kielkucki	McCollum	Pugh	Storm
Chaudhary	Haake	Knoblach	McElroy	Rest	Swapinski
Clark, J.	Haas	Koskinen	Milbert	Reuter	Swenson
Daggett	Hackbarth	Kubly	Molnau	Rhodes	Sykora
Davids	Harder	Kuisle	Mulder	Rifenberg	Tingelstad
Dehler	Hasskamp	Larsen, P.	Mullery	Rostberg	Tomassoni
Dempsey	Hilty	Larson, D.	Murphy	Rukavina	Trimble

Tuma	Vandev eer	Westfall	Winter	Spk. Sviggum
Tunheim	Wenzel	Westrom	Wolf	
Van Dellen	Westerberg	Wilkin	Workman	

The motion did not prevail and the amendment was not adopted.

S. F. No. 2796, as amended, was temporarily laid over on the Calendar for the Day.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Pawlenty from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 19, A house resolution honoring the Minnesota Twins on the occasion of their 40th season home opener on April 3, 2000.

Reported the same back without recommendation.

The report was adopted.

House Resolution No. 19 was reported to the House.

HOUSE RESOLUTION NO. 19

A house resolution honoring the Minnesota Twins on the occasion of their 40th season home opener on April 3, 2000.

Whereas, baseball is our beloved national pastime, a game woven so deeply into our lives that it provides common ground for people of all ages, all ideologies, and all walks of life, for taxi driver and school teacher and President of the United States; and

Whereas, the Minnesota Twins have brought World Series Championships to the state in 1987 and 1991 and continue to provide wholesome family entertainment for fans of all ages throughout the Upper Midwest; and

Whereas, Opening Day in baseball is a special occasion, celebrated for generations, that links children with parents and grandparents; and

Whereas, Opening Day is a sign of spring, of special memories, and of hope for the new season; and

Whereas, the Minnesota Twins first season opener was in 1961, and their 40th season will open on Monday, April 3, 2000, with a game against the Tampa Bay Devil Rays at 7:15 p.m.; and

Whereas, Opening Day festivities will include a free breakfast for fans on the Metrodome Plaza from 5:30 a.m. to 9:00 a.m. courtesy of the Metropolitan Sports Commission, noontime rallies at City Center in Minneapolis and in St. Paul's Rice Park, live entertainment and interactive games on the Metrodome Plaza from 4:30 p.m. to 7:00 p.m., a pregame tribute to former Twins owner Calvin Griffith and a ceremonial first ball toss by Charlie Brown in honor of "Peanuts" and Minnesota native Charles Schulz; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota that it recognizes the Minnesota Twins on the occasion of their 40th home opener on April 3, 2000, and wishes the team success in their upcoming Major League Baseball season.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and transmit it to the Minnesota Twins.

Tomassoni moved that House Resolution No. 19 be now adopted.

A roll call was requested and properly seconded.

The question was taken on the Tomassoni motion and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Luther	Paulsen	Storm
Abrams	Dorn	Howes	Mahoney	Pawlenty	Swapinski
Anderson, B.	Entenza	Huntley	Mares	Paymar	Swenson
Anderson, I.	Erhardt	Jaros	Mariani	Pelowski	Sykora
Bakk	Erickson	Jennings	Marko	Peterson	Tingelstad
Biernat	Finseth	Johnson	McCollum	Pugh	Tomassoni
Bishop	Folliard	Juhnke	McElroy	Rest	Trimble
Boudreau	Fuller	Kahn	McGuire	Reuter	Tuma
Bradley	Gerlach	Kalis	Milbert	Rhodes	Tunheim
Broecker	Gleason	Kelliher	Molnau	Rifenberg	Van Dellen
Buesgens	Goodno	Kielkucki	Mulder	Rostberg	Vandevier
Carlson	Gray	Knoblach	Mullery	Rukavina	Wagenius
Carruthers	Greiling	Koskinen	Murphy	Schumacher	Wejcmán
Cassell	Gunther	Kubly	Ness	Seagren	Wenzel
Chaudhary	Haake	Kuisle	Nornes	Seifert, J.	Westerberg
Clark, J.	Haas	Larsen, P.	Olson	Seifert, M.	Westfall
Clark, K.	Hackbarth	Larson, D.	Opatz	Skoe	Westrom
Daggett	Harder	Leighton	Orfield	Skoglund	Wilkin
Davids	Hasskamp	Lenczewski	Osskopp	Smith	Winter
Dawkins	Hausman	Leppik	Osthoff	Solberg	Wolf
Dehler	Hilty	Lieder	Otremba	Stanek	Workman
Dempsey	Holberg	Lindner	Ozment	Stang	Spk. Sviggum

The motion prevailed and House Resolution No. 19 was adopted.

The Speaker called Boudreau to the Chair.

CALENDAR FOR THE DAY, Continued

S. F. No. 2796, as amended, which was temporarily laid over earlier today, was again reported to the House.

Osskopp, Haas, Mares and Gunther moved to amend S. F. No. 2796, as amended by the Osskopp amendment adopted earlier today, as follows:

In the Osskopp amendment:

Page 1, line 15, delete "3A," and after "352D" insert ", except for legislators"

Page 2, line 6, delete "3A," and after "352D" insert ", except for legislators"

Page 2, line 11, delete "3A,"

Page 2, line 12, after "352D" insert ", except for legislators"

Page 2, line 18, delete "3A," and after "352D" insert ", except for legislators"

Page 3, line 3, delete "3A," and after "352D" insert ", except for legislators"

Page 3, line 8, delete "3A," and after "352D" insert ", except for legislators"

Page 3, line 18, delete "3A,"

Page 3, line 19, after "352D" insert ", except for legislators"

Page 7, line 26, delete "3A," and after "352D" insert ", except for legislators"

A roll call was requested and properly seconded.

The question was taken on the Osskopp et al amendment and the roll was called. There were 75 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Johnson	McCollum	Pugh	Sykora
Abrams	Dorman	Kelliher	McElroy	Rhodes	Tingelstad
Anderson, B.	Erhardt	Knoblach	Milbert	Rostberg	Vandever
Biernat	Finseth	Larsen, P.	Mullery	Schumacher	Wejzman
Boudreau	Fuller	Larson, D.	Ness	Seagren	Wenzel
Broecker	Goodno	Leighton	Nornes	Seifert, J.	Westerberg
Carlson	Gunther	Lenczewski	Olson	Skoe	Westfall
Carruthers	Haas	Leppik	Opatz	Smith	Winter
Cassell	Hackbarth	Lieder	Osskopp	Stanek	Wolf
Clark, J.	Harder	Lindner	Ozment	Stang	Spk. Sviggum
Daggett	Hasskamp	Luther	Paulsen	Storm	
Davids	Holberg	Mares	Pawlenty	Swapinski	
Dehler	Howes	Marko	Pelowski	Swenson	

Those who voted in the negative were:

Anderson, I.	Dawkins	Gleason	Huntley	Kielkucki	Mariani
Bakk	Dorn	Gray	Jaros	Koskinen	McGuire
Bradley	Entenza	Greiling	Jennings	Krinkie	Molnau
Buesgens	Erickson	Haake	Juhnke	Kubly	Mulder
Chaudhary	Folliard	Hilty	Kahn	Kuisle	Murphy
Clark, K.	Gerlach	Holsten	Kalis	Mahoney	Orfield

Otremba	Rest	Rukavina	Tomassoni	Tunheim	Westrom
Paymar	Reuter	Seifert, M.	Trimble	Van Dellen	Wilkin
Peterson	Rifenberg	Solberg	Tuma	Wagenius	Workman

The motion prevailed and the amendment was adopted.

S. F. No. 2796, A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising re-employed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding a subdivision; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, subdivision 4, and by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapters 352G; and 424B; repealing Minnesota Statutes 1998, section 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.05, the Speaker excused Ozment from voting on passage of S. F. No. 2796, as amended.

There were 112 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Abeler	Erhardt	Jennings	Mariani	Peterson	Swenson
Abrams	Finseth	Johnson	Marko	Pugh	Sykora
Anderson, I.	Folliard	Juhnke	McCollum	Rest	Tingelstad
Bakk	Fuller	Kahn	McElroy	Rhodes	Trimble
Biernat	Gleason	Kalis	McGuire	Rifenberg	Tuma
Bishop	Goodno	Kelliher	Milbert	Rostberg	Tunheim
Boudreau	Gray	Knoblach	Molnau	Rukavina	Vandever
Bradley	Greiling	Koskinen	Mullery	Schumacher	Wagenius
Broecker	Gunther	Kubly	Murphy	Seagren	Wejcman
Carlson	Haas	Kuisle	Ness	Seifert, J.	Wenzel
Carruthers	Hackbarth	Larsen, P.	Nornes	Seifert, M.	Westerberg
Cassell	Harder	Larson, D.	Opatz	Skoe	Westfall
Clark, J.	Hasskamp	Leighton	Orfield	Skoglund	Westrom
Daggett	Hausman	Lenczewski	Osskopp	Smith	Winter
Dauids	Hilty	Leppik	Osthoff	Solberg	Wolf
Dehler	Holsten	Lieder	Otremba	Stanek	Workman
Dorman	Howes	Luther	Pawlenty	Stang	Spk. Sviggum
Dorn	Huntley	Mahoney	Paymar	Storm	
Entenza	Jaros	Mares	Pelowski	Swapinski	

Those who voted in the negative were:

Anderson, B.	Dawkins	Haake	Krinkie	Olson	Van Dellen
Buesgens	Erickson	Holberg	Lindner	Paulsen	Wilkin
Clark, K.	Gerlach	Kielkucki	Mulder	Reuter	

The bill was passed, as amended, and its title agreed to.

S. F. No. 2767 was reported to the House.

Luther and Davids moved to amend S. F. No. 2767 as follows:

Page 1, line 21, delete everything after "any" and insert ":

(1) health care provider, except a provider licensed under chapter 151;

(2) home health care provider, as defined in section 144A.43, subdivision 4; or

(3) health care facility."

Page 1, delete lines 22 to 23

Page 1, line 24, delete "health care facility."

The motion prevailed and the amendment was adopted.

Luther and Davids moved to amend S. F. No. 2767, as amended, as follows:

Page 2, line 12, after the period insert "The health plan company or third-party administrator may, at its discretion, require the health care provider to bill the health plan company or third-party administrator for the interest required under this section before any interest payment is made."

The motion prevailed and the amendment was adopted.

Rukavina, Tomassoni, Smith and Howes offered an amendment to S. F. No. 2767, as amended.

POINT OF ORDER

Abeler raised a point of order pursuant to rule 3.21 that the Rukavina et al amendment was not in order. Speaker pro tempore Boudreau ruled the point of order well taken and the Rukavina et al amendment out of order.

Luther moved that S. F. No. 2767, as amended, be temporarily laid over on the Calendar for the Day. The motion prevailed.

S. F. No. 2499, A bill for an act relating to human services; clarifying medical assistance reimbursement requirements for speech language pathologists; amending Minnesota Statutes 1999 Supplement, section 256B.0625, subdivision 8b.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hasskamp	Larsen, P.	Ness	Rukavina
Abrams	Dempsey	Hausman	Larson, D.	Nornes	Schumacher
Anderson, B.	Dorman	Hilty	Leighton	Olson	Seagren
Anderson, I.	Dorn	Holberg	Lenczewski	Opatz	Seifert, J.
Bakk	Entenza	Holsten	Leppik	Orfield	Seifert, M.
Biernat	Erhardt	Howes	Lieder	Osskopp	Skoe
Bishop	Erickson	Huntley	Lindner	Osthoff	Skoglund
Boudreau	Finseth	Jaros	Luther	Otremba	Smith
Bradley	Folliard	Jennings	Mahoney	Ozment	Solberg
Broecker	Fuller	Johnson	Mares	Paulsen	Stanek
Buesgens	Gerlach	Juhnke	Mariani	Pawlenty	Stang
Carlson	Gleason	Kahn	Marko	Paymar	Storm
Carruthers	Goodno	Kalis	McCollum	Pelowski	Swapinski
Cassell	Gray	Kelliher	McElroy	Peterson	Svenson
Chaudhary	Greiling	Kielkucki	McGuire	Pugh	Sykora
Clark, J.	Gunther	Knoblach	Milbert	Rest	Tingelstad
Clark, K.	Haake	Koskinen	Molnau	Reuter	Tomassoni
Daggett	Haas	Krinkie	Mulder	Rhodes	Trimble
Davids	Hackbarth	Kubly	Mullery	Rifenberg	Tuma
Dawkins	Harder	Kuisle	Murphy	Rostberg	Tunheim

Van Dellen	Wejcman	Westfall	Winter	Spk. Sviggum
Vanderveer	Wenzel	Westrom	Wolf	
Wagenius	Westerberg	Wilkin	Workman	

The bill was passed and its title agreed to.

H. F. No. 3331, A bill for an act relating to crime prevention; creating the position of director of domestic violence and sexual assault prevention and an interagency task force on domestic violence and sexual assault prevention; specifying the powers, duties, and organization of the director and task force; amending Minnesota Statutes 1998, sections 611A.25, by adding a subdivision; and 611A.34, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 611A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Huntley	Mares	Pelowski	Tingelstad
Abrams	Entenza	Jaros	Mariani	Peterson	Tomassoni
Anderson, B.	Erhardt	Jennings	Marko	Pugh	Trimble
Anderson, I.	Erickson	Johnson	McCollum	Rest	Tuma
Bakk	Finseth	Juhnke	McElroy	Reuter	Tunheim
Biernat	Folliard	Kahn	McGuire	Rhodes	Van Dellen
Bishop	Fuller	Kalis	Milbert	Rifenberg	Vanderveer
Boudreau	Gerlach	Kelliher	Molnau	Rostberg	Wagenius
Bradley	Gleason	Kielkucki	Mulder	Rukavina	Wejcman
Broecker	Goodno	Knoblach	Mullery	Schumacher	Wenzel
Buesgens	Gray	Koskinen	Murphy	Seagren	Westerberg
Carlson	Greiling	Krinkie	Ness	Seifert, J.	Westfall
Carruthers	Gunther	Kubly	Nornes	Seifert, M.	Westrom
Cassell	Haake	Kuisle	Olson	Skoe	Wilkin
Chaudhary	Haas	Larsen, P.	Opatz	Skoglund	Winter
Clark, J.	Hackbarth	Larson, D.	Orfield	Smith	Wolf
Clark, K.	Harder	Leighton	Osskopp	Solberg	Workman
Daggett	Hasskamp	Lenczewski	Osthoff	Stanek	Spk. Sviggum
Davids	Hausman	Leppik	Otremba	Stang	
Dawkins	Hilty	Lieder	Ozment	Storm	
Dehler	Holberg	Lindner	Paulsen	Swapinski	
Dempsey	Holsten	Luther	Pawlenty	Swenson	
Dorman	Howes	Mahoney	Paymar	Sykora	

The bill was passed and its title agreed to.

S. F. No. 3203 was reported to the House.

Davids moved to amend S. F. No. 3203 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2974, the first engrossment:

"Section 1. Minnesota Statutes 1998, section 60A.11, subdivision 22, is amended to read:

Subd. 22. [PERSONAL PROPERTY UNDER LEASE.] Personal property for intended lease or rental in the United States or Canada. A company may not invest more than five percent of its total admitted assets under this subdivision. In cases where the asset leased would otherwise be nonadmitted, the asset or associated lease is nonadmitted.

Sec. 2. Minnesota Statutes 1998, section 60A.12, subdivision 5, is amended to read:

Subd. 5. [LOSS RESERVES.] ~~(1) [FOR OTHER THAN LIABILITY AND WORKERS' COMPENSATION.]~~ The reserve for outstanding losses under policies other than workers' compensation and liability policies shall be at least equal to the aggregate estimated amounts due or to become due on account of all the losses and claims of which the corporation has received notice. The loss reserve shall also include the estimated liability on any notices received by the corporation of the occurrence of any event which may result in a loss, and the estimated liability for all losses which have occurred but on which no notice has been received. For the purpose of these reserves, the corporation shall keep a complete and itemized record showing all losses and claims on which it has received notice, including all notices received by it of the occurrence of any event which may result in a loss.

When, in the judgment of the commissioner, the loss reserves, calculated in accordance with ~~the foregoing provisions;~~ statutory accounting practices as set forth in the National Association of Insurance Commissioners' accounting practices and procedures manual are inadequate, the commissioner may require the corporation to maintain additional reserves.

~~(2) [FOR LIABILITY LOSSES.]~~ The reserve for outstanding losses and loss expenses incurred under liability policies during each of the three years immediately preceding the date of the statement shall be not less than 60 percent of the earned liability premium for each of the three corresponding years immediately preceding the date of the statement, less all loss and loss expense payments made under claims incurred during each of those years.

~~(3) [FOR COMPENSATION CLAIMS.]~~ The reserve for outstanding losses and loss expenses incurred under workers' compensation policies shall be at least equal to the following amounts:

~~(a) For all compensation claims under policies written more than three years prior to the date of the statement, the present values, at four percent interest, of the determined and the estimated future payments;~~

~~(b) For all compensation claims under policies written in the three years immediately preceding the date of the statement, the reserve shall be not less than 65 percent of the earned compensation premiums for each of the three years, less all loss and loss expense payments made in connection with the claims under policies written in each of the corresponding years. For the first year of the three-year period, the reserve shall be not less than the present value, at four percent interest, of the determined and the estimated unpaid compensation claims under policies written during that year.~~

Sec. 3. Minnesota Statutes 1998, section 60A.121, is amended by adding a subdivision to read:

Subd. 2a. [CONTRACTUAL TERMS.] "Contractual terms" means the principal and interest payments of the commercial mortgage loan as scheduled in the mortgage agreement.

Sec. 4. Minnesota Statutes 1998, section 60A.121, subdivision 9, is amended to read:

Subd. 9. [MORTGAGE LOAN IN FORECLOSURE.] "Mortgage loan in foreclosure" means (1) a loan in the process of foreclosure including the time required for expiration of any equitable or statutory redemption rights; (2) a loan to a mortgagor who is the subject of a bankruptcy petition and who is not making ~~regular monthly~~ regular payments according to the contractual terms; or (3) a loan secured by a mortgage on real estate that is subject to a senior mortgage or other lien that is being foreclosed.

Sec. 5. Minnesota Statutes 1998, section 60A.121, is amended by adding a subdivision to read:

Subd. 10a. [PERMANENTLY IMPAIRED.] A commercial mortgage loan will be "permanently impaired" when, based on current information and events, it is probable that an insurer will be unable to collect all amounts due according to the contractual terms.

Sec. 6. Minnesota Statutes 1998, section 60A.123, is amended to read:

60A.123 [VALUATION PROCEDURE.]

Subdivision 1. [REQUIREMENT.] An insurer shall value its commercial mortgage loans and real estate acquired through foreclosure of commercial mortgage loans as provided in this section for the purpose of establishing ~~reserves~~ or carrying a valuation allowance or fair values of the investments and for statutory accounting purposes.

Subd. 2. [PERFORMING MORTGAGE LOAN.] A performing mortgage loan must be carried at its amortized acquisition cost.

Subd. 3. [DISTRESSED MORTGAGE LOAN.] (a) The insurer shall make an evaluation of the appropriate carrying fair value of its commercial mortgage loans which it classifies as distressed mortgage loans. The ~~carrying~~ fair value must be based upon one or more of the following procedures:

- (1) an internal appraisal;
- (2) an appraisal made by an independent appraiser;
- (3) the value of guarantees or other credit enhancements related to the loan.

(b) The insurer ~~may will~~ determine the ~~carrying fair~~ value of its distressed mortgage loans through ~~either~~ an evaluation of each specific distressed mortgage loan ~~or by a sampling methodology. Insurers using a sampling methodology shall identify a sampling of its distressed mortgage loans that represents a cross section of all of its distressed mortgage loans. The insurer shall make an evaluation of the appropriate carrying value for each sample loan. The carrying value of all of the insurer's distressed mortgage loans must be the same percentage of their amortized acquisition cost as the sample loans. The carrying fair~~ value must be based upon an internal appraisal or an appraisal conducted by an independent appraiser.

(c) ~~For distressed mortgage loans, the insurer shall either take a charge against its surplus or establish a reserve for measure impairment based on the fair value of the collateral less estimated costs to obtain and sell. A valuation allowance should be established for the difference between the carrying adjusted fair value of the collateral and the amortized acquisition cost of its distressed mortgage loans.~~

Subd. 4. [DELINQUENT MORTGAGE LOAN.] (a) The insurer shall make an evaluation of the appropriate carrying fair value of each delinquent mortgage loan. The ~~carrying fair~~ value must be based upon one or more of the following procedures:

- (1) an internal appraisal;
- (2) an appraisal by an independent appraiser;
- (3) the value of guarantees or other credit enhancements related to the loan.

(b) The insurer shall either take a charge against its surplus or establish a reserve for the difference between the ~~carrying~~ fair value and the amortized acquisition cost of its delinquent mortgage loans.

Subd. 5. [RESTRUCTURED MORTGAGE LOAN.] (a) The insurer shall make an evaluation of the appropriate ~~carrying fair~~ value of each restructured mortgage loan. The ~~carrying fair~~ value must be based upon one or more of the following procedures:

- (1) an internal appraisal;
- (2) an appraisal by an independent appraiser;
- (3) the value of guarantees or other credit enhancements related to the loan.

(b) The insurer shall ~~either take a charge against its surplus or establish a reserve for measure impairment based on the fair value of the collateral less estimated costs to obtain and sell.~~ The difference between the ~~carrying adjusted fair value of the collateral and other assets received~~ and the amortized acquisition cost of its restructured mortgage loans must be recorded as a direct write-down and a new cost basis established.

Subd. 6. [MORTGAGE LOAN IN FORECLOSURE.] (a) The insurer shall make an evaluation of the appropriate ~~carrying fair~~ value of each mortgage loan in foreclosure. The ~~carrying fair~~ value must be based upon an appraisal made by an independent appraiser and must be adjusted for additional expenses, such as insurance, taxes, and legal fees that have been imposed to protect the investment or to obtain clear title to the property to the extent these amounts are expected to be recoverable from the disposition of the property.

(b) The insurer shall ~~take a charge against its surplus for record as a direct write-down~~ the difference between the ~~carrying fair~~ value and the amortized acquisition cost of its mortgage loans in the process of foreclosure.

Subd. 7. [REAL ESTATE OWNED.] (a) The insurer shall make an evaluation of the appropriate ~~carrying fair~~ value of real estate owned. The ~~carrying fair~~ value must be based upon an appraisal made by an independent appraiser and must be adjusted for additional expenses, such as insurance, taxes, and legal fees that have been imposed to protect the investment or to obtain clear title to the property to the extent these amounts are expected to be recoverable from the disposition of the property.

(b) The insurer shall ~~take a charge against its surplus for record as a direct write-down~~ the difference between the ~~carrying fair~~ value and the amortized acquisition cost of real estate owned.

Sec. 7. [60A.1285] [OTHER IMPAIRMENTS.]

If distressed or delinquent mortgage loans being valued according to section 60A.123, subdivisions 3 and 4, are determined to be permanently impaired, a direct write-down must be recognized as a realized loss, and a new cost basis established.

Sec. 8. Minnesota Statutes 1998, section 60A.129, subdivision 3, is amended to read:

Subd. 3. [ANNUAL AUDIT.] (a) Every insurance company doing business in this state, including fraternal benefit societies, reciprocal exchanges, service plan corporations licensed pursuant to chapter 62C, and legal service plans licensed pursuant to chapter 62G, unless exempted by the commissioner pursuant to subdivision 5, paragraph (a), or by subdivision 7, shall have an annual audit of the financial activities of the most recently completed calendar year performed by an independent certified public accountant, and shall file the report of this audit with the commissioner on or before June 1 for the immediately preceding year ending December 31. The commissioner may require an insurer to file an audited financial report earlier than June 1 with 90 days' advance notice to the insurer.

Extensions of the June 1 filing date may be granted by the commissioner for 30-day periods upon a showing by the insurer and its independent certified public accountant of the reasons for requesting the extension and a determination by the commissioner of good cause for the extension.

The request for extension must be submitted in writing not less than ten days before the due date in sufficient detail to permit the commissioner to make an informed decision with respect to the requested extension.

(b) Foreign and alien insurers filing audited financial reports in another state under the other state's requirements of audited financial reports which have been found by the commissioner to be substantially similar to these requirements are exempt from this subdivision if a copy of the audited financial report, accountant's letter of qualifications, and report on significant deficiencies in internal controls, which are filed with the other state, are filed with the commissioner in accordance with the filing dates specified in paragraphs (a) and (l), (Canadian insurers may submit accountants' reports as filed with the Canadian Dominion Department of Insurance); and a copy of any notification of adverse financial condition report filed with the other state is filed with the commissioner within the time specified in paragraph (k). This paragraph does not prohibit or in any way limit the commissioner from ordering, conducting, and performing examinations of insurers under the authority of this chapter.

(c)(i) The annual audited financial report shall report, in conformity with statutory accounting practices required or permitted by the commissioner of insurance of the state of domicile, the financial position of the insurer as of the end of the most recent calendar year and the results of its operations, cash flows, and changes in capital and surplus for the year ended. The annual audited financial report shall include a report of an independent certified public accountant; a balance sheet reporting admitted assets, liabilities, capital, and surplus; a statement of operations; a statement of cash flows; a statement of changes in capital and surplus; and notes to the financial statements.

(ii) The notes required under item (i) shall be those required by the appropriate National Association of Insurance Commissioners annual statement instructions and ~~any other notes required by generally accepted accounting principles~~ National Association of Insurance Commissioners Accounting Practices and Procedures Manual and shall include reconciliation of differences, if any, between the audited statutory financial statements and the annual statement filed under section 60A.13, subdivision 1, with a written description of the nature of these differences; ~~and shall also include a summary of ownership and relationships of the insurer and all affiliated companies.~~

(iii) The financial statements included in the audited financial report shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the annual statement of the insurer filed with the commissioner. The financial statement shall be comparative, presenting the amounts as of December 31 of the current year and the amounts as of the immediately preceding December 31. In the first year in which an insurer is required to file an audited financial report, the comparative data may be omitted. The amounts may be rounded to the nearest \$1,000, and all insignificant amounts may be combined.

(d) Each insurer required by this section to file an annual audited financial report must notify the commissioner in writing of the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit within 60 days after becoming subject to the annual audit requirement. The insurer shall obtain from the accountant a letter which states that the accountant is aware of the provisions that relate to accounting and financial matters in the insurance laws and the rules of the insurance regulatory authority of the state of domicile. The letter shall affirm that the accountant will express an opinion on the financial statements in terms of their conformity to the statutory accounting practices prescribed or otherwise permitted by that insurance regulatory authority, specifying the exceptions believed to be appropriate. A copy of the accountant's letter shall be filed with the commissioner.

(e) If an accountant who was the accountant for the immediately preceding filed audited financial report is dismissed or resigns, the insurer shall notify the commissioner of this event within five business days. Within ten business days of this notification, the insurer shall also furnish the commissioner with a separate letter stating whether in the 24 months preceding this event there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of the former accountant, would have caused that person to make reference to the subject matter of the disagreement in connection with the opinion. The disagreements required to be reported in response to this paragraph include both those resolved to the former accountant's satisfaction and those not resolved to the former accountant's satisfaction. Disagreements contemplated by this section are those disagreements between personnel of the insurer responsible for presentation of its financial statements and personnel of the accounting firm

responsible for rendering its report. The insurer shall also in writing request the former accountant to furnish a letter addressed to the insurer stating whether the accountant agrees with the statements contained in the insurer's letter and, if not, stating the reasons for any disagreement. The insurer shall furnish this responsive letter from the former accountant to the commissioner together with its own.

(f) The commissioner shall not recognize any person or firm as a qualified independent certified public accountant that is not in good standing with the American Institute of Certified Public Accountants and in all states in which the accountant is licensed to practice, or for a Canadian or British company, that is not a chartered accountant. Except as otherwise provided, an independent certified public accountant shall be recognized as qualified as long as the person conforms to the standards of the person's profession, as contained in the Code of Professional Ethics of the American Institute of Certified Public Accountants and the rules of professional conduct of the Minnesota board of public accountancy or similar code.

(g) No partner or other person responsible for rendering a report for calendar year 1997 and thereafter may act in that capacity for more than seven consecutive years. Following any period of service, the person shall be disqualified from acting in that or a similar capacity for the same company or its insurance subsidiaries or affiliates for a period of two years. An insurer may make application to the commissioner for relief from the above rotation requirement on the basis of unusual circumstances. The commissioner may consider the number of partners, the expertise of the partners or the number of insurance clients in the currently registered firm, the premium volume of the insurer, or the number of jurisdictions in which the insurer transacts business in determining if the relief should be granted.

(h) The commissioner shall not recognize as a qualified independent certified public accountant, nor accept any audited financial report, prepared in whole or in part by any natural person who has been convicted of fraud, bribery, a violation of the Racketeer Influenced and Corrupt Organizations Act, United States Code, title 18, sections 1961 to 1968, or any dishonest conduct or practices under federal or state law, has been found to have violated the insurance laws of this state with respect to any previous reports submitted under this section, or has demonstrated a pattern or practice of failing to detect or disclose material information in previous reports filed under the provisions of this section.

(i) The commissioner, after notice and hearing under chapter 14, may find that the accountant is not qualified for purposes of expressing an opinion on the financial statements in the annual audited financial report. The commissioner may require the insurer to replace the accountant with another whose relationship with the insurer is qualified within the meaning of this section.

(j) Financial statements furnished under paragraph (a), shall be examined by an independent certified public accountant. The examination of the insurer's financial statements shall be conducted in accordance with generally accepted auditing standards and consideration should be given to other procedures illustrated in the Financial Condition Examiners Handbook, issued by the National Association of Insurance Commissioners, as the independent certified public accountant considers necessary.

(k) The insurer required to furnish the annual audited financial report shall require the independent certified public accountant to provide written notice within five business days to the board of directors of the insurer or its audit committee of any determination by that independent certified public accountant that the insurer has materially misstated its financial condition as reported to the commissioner as of the balance sheet date currently under examination or that the insurer does not meet the minimum capital and surplus requirement of section 60A.07 as of that date. An insurer required to file an annual audited financial report who received a notification of adverse financial condition from the accountant shall file a copy of the notification with the commissioner within five business days of the receipt of the notification. The insurer shall provide the independent certified public accountant making the notification with evidence of the report being furnished to the commissioner. If the independent certified public accountant fails to receive the evidence within the required five-day period, the independent certified public accountant shall furnish to the commissioner a copy of the notification to the board of directors or its audit committee within the next five business days. No independent certified public accountant shall be liable in any manner to any person for any statement made in connection with this paragraph if the statement is made in good faith in

compliance with this paragraph. If the accountant becomes aware of facts which might have affected the audited financial report after the date it was filed under this section, the accountant shall take the action prescribed by Professional Standards issued by the American Institute of Certified Public Accountants.

(l) In addition to the annual audited financial statements, each insurer shall furnish the commissioner with a written report prepared by the accountant describing significant deficiencies in the insurer's internal control structure noted by the accountant during the audit. The accountant shall follow the professional standards issued by the American Institute of Certified Public Accountants, which require an accountant to communicate significant deficiencies, known as reportable conditions, noted during a financial statement audit, to the appropriate parties within an entity. No report shall be issued if the accountant does not identify significant deficiencies. Any such report by the accountant describing significant deficiencies in the insurer's internal control structure, shall be filed annually by the insurer with the commissioner within 60 days after the filing of the annual audited financial statements. This report on internal control shall be in the form prescribed by generally accepted auditing standards. The insurer shall provide the commissioner with a description of remedial actions taken or proposed to correct significant deficiencies, if those actions are not described in the accountant's report.

(m) The accountant shall furnish the insurer in connection with, and for inclusion in, the filing of the annual audited financial report, a letter stating that the accountant is independent with respect to the insurer and conforms to the standards of the accountant's profession as contained in the Code of Professional Ethics of the American Institute of Certified Public Accountants and the rules of professional conduct of the Minnesota board of accountancy or similar code; the background and experience in general, and the experience in audits of insurers of the staff assigned to the engagement and whether each is an independent certified public accountant; that the accountant understands that the annual audited financial report and the opinion thereon will be filed in compliance with this statute and that the commissioner will be relying on this information in the monitoring and regulation of the financial position of insurers; that the accountant consents to the requirements of paragraph (n) and that the accountant consents and agrees to make available for review by the commissioner, or the commissioner's designee or appointed agent, the workpapers, as defined in paragraph (n); a representation that the accountant is properly licensed by the appropriate state licensing authority and is a member in good standing in the American Institute of Certified Public Accountants; and, a representation that the accountant complies with paragraph (f). Nothing in this section shall be construed as prohibiting the accountant from utilizing staff the accountant deems appropriate where use is consistent with the standards prescribed by generally accepted auditing standards.

(n) Workpapers are the records kept by the independent certified public accountant of the procedures followed, tests performed, information obtained, and conclusions reached pertinent to the independent certified public accountant's examination of the financial statements of an insurer. Workpapers may include audit planning documents, work programs, analyses, memoranda, letters of confirmation and representation, management letters, abstracts of company documents, and schedules or commentaries prepared or obtained by the independent certified public accountant in the course of the examination of the financial statements of an insurer and that support the accountant's opinion. Every insurer required to file an audited financial report shall require the accountant, through the insurer, to make available for review by the examiners the workpapers prepared in the conduct of the examination and any communications related to the audit between the accountant and the insurer. The workpapers shall be made available at the offices of the insurer, at the offices of the commissioner, or at any other reasonable place designated by the commissioner. The insurer shall require that the accountant retain the audit workpapers and communications until the commissioner has filed a report on examination covering the period of the audit but no longer than seven years after the period reported upon. In the conduct of the periodic review by the examiners, it shall be agreed that photocopies of pertinent audit workpapers may be made and retained by the commissioner. These copies shall be part of the commissioner's workpapers and shall be given the same confidentiality as other examination workpapers generated by the commissioner.

(o)(i) In the case of Canadian and British insurers, the annual audited financial report means the annual statement of total business on the form filed by these companies with their domiciliary supervision authority and duly audited by an independent chartered accountant.

(ii) For these insurers, the letter required in paragraph (d), shall state that the accountant is aware of the requirements relating to the annual audited statement filed with the commissioner under paragraph (a), and shall affirm that the opinion expressed is in conformity with those requirements.

(p) The audit report of the independent certified public accountant that performs the audit of an insurer's annual statement as required under paragraph (a), shall contain a statement as to whether anything, in connection with the audit, came to the accountant's attention that caused the accountant to believe that the insurer failed to adopt and consistently apply the valuation procedures as required by sections 60A.122 and 60A.123.

Sec. 9. Minnesota Statutes 1998, section 66A.16, subdivision 1, is amended to read:

Subdivision 1. [MUTUAL FIRE INSURANCE COMPANIES.] A mutual fire insurance company may be formed with, or an existing fire insurance company may establish, a guaranty fund divided into certificates of \$10 each, or multiples thereof, and this guaranty fund shall be invested in the same manner as is provided for the investment of capital stock of insurance companies. The certificate holders of the guaranty fund shall be entitled to an annual dividend of not more than ten percent on their respective certificates, if the net profits or unused premiums left after all losses, expenses, or liabilities then incurred, with reserves for reinsurance, are provided for shall be sufficient to pay the same; and, if the dividends in any one year are less than ten percent, the difference may be made up in any subsequent year or years from the net profits. Approval of the commissioner must be obtained before accrual for or payment of the dividend, or any repayment of principal.

The guaranty fund shall be applied to the payment of losses and expenses when necessary and, if the guaranty fund be impaired, the directors may make good the whole or any part of the impairment from future profits of the company, but no dividend shall be paid on guaranty fund certificates while the guaranty fund is impaired.

The holder of the guaranty fund certificate shall not be liable for any more than the amount of the certificate which has not been paid in and this amount shall be plainly and legibly stated on the face of the certificate.

Each certificate holder of record shall be entitled to one vote in person or by proxy in any meeting of the members of the company for each \$10 investment in guaranty fund certificates. The guaranty fund may be reduced or retired by vote of the policyholders of the company and the assent of the commissioner, if the net assets of the company above its reinsurance reserve and all other claims and obligations and the amount of its guaranty fund certificates and interest thereon for two years last preceding and including the date of its last annual statement shall not be less than 50 percent of the premiums in force.

Due notice of this proposed action on the part of the company shall be mailed to each policyholder of the company not less than 30 days before the meeting when the action may be taken.

In mutual fire insurance companies with a guaranty fund, the certificate holders shall be entitled to choose and elect from among their own number or from among the policyholders at least one-half of the total number of directors.

If any mutual fire insurance company with a guaranty fund ceases to do business, it shall not divide among its certificate holders any part of its assets or guaranty fund until all its debts and obligations have been paid or canceled.

Foreign mutual fire insurance companies having a guaranty fund shall not be required to make their certificate of guaranty fund conform to the provisions of this section, but when the certificates do not conform therewith the amount thereof shall be charged as a liability.

Sec. 10. Minnesota Statutes 1998, section 66A.16, subdivision 2, is amended to read:

Subd. 2. [MUTUAL CASUALTY COMPANIES.] Any mutual insurance company which establishes and maintains, over and above its liabilities and the reserves required by law of a like stock insurance company, a guaranty fund available for the payment of losses and expenses at least equal to the capital stock required of a like

stock insurance company may issue policies of insurance without contingent liability, and when the articles of incorporation of any mutual insurance company having this guaranty fund provide, the company may transact any and all of the kinds of business as set forth in section 60A.06, subdivision 1, clauses (1) to (15) subject to the restrictions and limitations imposed by law on a like stock insurance company, and any domestic mutual company having a guaranty fund equal to the amount of capital stock required of a like stock insurance company may insure the same kinds of property and conduct and carry on its business, subject only to the restrictions and limitations applicable to like domestic stock insurance companies.

Subdivision 1 shall not apply to this guaranty fund except that the guaranty fund of the company shall be invested in the same manner as is provided by law for the investment of its other funds. Every such company shall in its annual statement show as separate items the amount of the guaranty fund and the remaining divisible surplus, and the aggregate of these items shall be shown as surplus to policyholders.

A guaranty fund may be created, in whole or in part, in either or both of the following ways:

(1) Where an existing mutual company has a surplus, the members of the company may at any regular or special meeting set aside from and out of its surplus such sum as shall be fixed by resolution to be transferred to and thereafter constitute, in whole or in part, the guaranty fund of the company; or

(2) By the issuance of guaranty fund certificates, as specified in this subdivision, the same to be issued upon the conditions and subject to the rights and obligations specified in this subdivision.

Any such company establishing a guaranty fund, as provided in this subdivision, may, subject to the restrictions and limitations imposed by law as to a like stock insurance company, amend its articles to provide for the doing by it of one or more of the kinds of insurance business specified in section 60A.06, subdivision 1, clauses (1) to (15).

The policy liability of any such mutual company issuing policies without a contingent liability shall, as to these policies, be computed upon the same basis as is applicable to like policies issued by stock insurance companies. Where any such company shall issue five-year term policies, wherein the premiums shall be payable in annual or biennial installments and no premium note is taken by the company as payment of the full term premium, the company then shall be required to maintain a reserve fund on only the portion of premiums actually collected from time to time under these term policies and no company so creating a guaranty fund shall issue policies without a contingent liability after the guaranty fund shall be impaired or reduced below the capital required of a like stock insurance company doing the same kind or kinds of insurance. Any company having a guaranty fund may insure, without a contingent liability, any kind or class of property which a like stock company may insure.

Any director, officer, or member of any mutual insurance company, or any other person, may advance to the company any sum of money necessary for the purposes of its business or to enable it to comply with any of the requirements of the law, including the creation, in whole or in part, of a guaranty fund to enable it to do one or more of the kinds of business specified in this subdivision, and for the creation by a company issuing policies with a contingent liability of a guaranty fund, in such amount as the board of directors shall determine, for the protection of policyholders of the company, and the moneys, together with the interest thereon as may have been agreed upon, not exceeding ten percent per annum, shall be repaid only out of the surplus remaining after providing for all reserves, if any, and other liability, and which shall not otherwise be a liability or claim against the company or any of its assets. No commission or promotion expenses shall be paid in connection with the advance of any money to the company, and the amount of the advance remaining unpaid shall be reported in each annual statement.

The company shall issue to each person advancing money for the creation of a guaranty fund a certificate or certificates specifying the amount advanced. These certificates may be assigned by the holder and the transfer recorded upon the books of the company. The holders of the guaranty fund certificates shall be entitled to annual interest thereon at the rate agreed upon, if the net profits of the company, after all losses, expenses, liabilities, and legal reserves, if any, have been paid or provided for, are sufficient to pay the same. If the net profits of the company in any year are insufficient to pay the full amount of interest agreed upon, the difference may be paid in any subsequent year from the net profits of the subsequent years, if approval of the commissioner is obtained before accrual for or payment of the interest.

The guaranty fund shall be applied to the payment of losses and expenses when necessary and, if the guaranty fund be impaired, the directors may make good the whole or any part of the impairment from future net profits of the company or by the issue and sale of additional guaranty fund certificates, but no interest shall be paid on the guaranty fund certificates while the guaranty fund is impaired. No certificate shall be issued except for money actually paid to the company, which amount shall be plainly and legibly stated therein. The company shall issue certificates only in sums of \$10, or multiples thereof; it shall keep a record of the name and address of the person to whom issued and of all assignments thereof. Upon surrender of a certificate duly assigned in writing, the company shall cancel the same and issue a new certificate to the assignee.

Each certificate holder of record shall be entitled to one vote in person or by proxy at any meeting of the members of the company, for each \$10 investment in the guaranty fund certificates.

The guaranty fund may be reduced or retired by vote of the board of directors of the company and the assent of the commissioner, if the net assets of the company, above its legal reserves, if any, and all other claims and obligations are sufficient therefor. The certificate holders shall be entitled to choose and elect from among their own members or from among the policyholders at least one-half of the total number of directors.

In case the members of any company by resolution adopted at any regular meeting or special meeting called for that purpose shall determine to wind up and liquidate the business of any such company, the assets thereof shall be applied (1) to the payment of the expense of the liquidation; (2) to the payment of any accrued liability, including losses, if any; (3) to the payment of any unearned premiums on policies in force at the time of the liquidation; (4) to the payment of guaranty fund certificates, if any, together with accrued interest thereon, if any; and (5) the residue shall be distributed according to the provisions of chapter 60B.

Sec. 11. Minnesota Statutes 1998, section 68A.01, subdivision 4, is amended to read:

Subd. 4. [INVESTMENT OF OTHER FUNDS.] After the investment of such portion of its capital stock as hereinbefore provided and the deposit of the securities in its guaranty fund as aforesaid the remainder of its capital stock and funds may be invested in such securities, records, ~~abstract plants~~, and equipment as the board of directors or the board of trustees of the company shall determine to be suitable for the transaction of its business, unless otherwise limited by this chapter.

Sec. 12. Minnesota Statutes 1998, section 68A.01, is amended by adding a subdivision to read:

Subd. 6. [ADMITTED ASSET STANDARDS.] An investment in a title plant or plants in an amount equal to the actual cost must be allowed as an admitted asset for title insurers. The aggregate amount of the investment must not exceed the lesser of 20 percent of admitted assets or 40 percent of surplus to policyholders, both as required to be shown on the statutory balance sheet of the insurer for its most recently filed statement with the commissioner. If the amount of the investment exceeds the limits in this subdivision, the excess amount must be recorded as a nonadmitted asset.

Sec. 13. Minnesota Statutes 1998, section 68A.02, is amended to read:

68A.02 [UNEARNED PREMIUM RESERVE.]

Upon issuance of each contract of title insurance issued on or after January 1, 1964, through January 1, 2001, by a domestic real estate title insurance company, there shall be reserved initially a sum equal to ten percent of the original premium charged therefor. At the end of each calendar year following the year in which the contract of title insurance is issued, there shall be a reduction in the sum so reserved in the amount of one-twentieth of such sum. On any contract of title insurance issued prior to January 1, 1964, by a domestic real estate title insurance company, a reserve shall be set up on January 1, 1964, and thereafter maintained in such sum as would have been required if the foregoing requirements with respect to title insurance reserves had existed at and after the date of the contract of title insurance. Such sums herein required to be reserved shall at all times and for all purposes be considered and constitute unearned portions of the original premiums on such contracts of title insurance, shall be charged as a

reserve liability of the real estate title insurance company in determining its financial condition, and, for the purpose of applying the provisions of section 60A.23, subdivision 4, shall be deemed to constitute the whole amount of the premiums on the unexpired risks of such real estate title insurance company.

Sec. 14. [68A.03] [RESERVES.]

Subdivision 1. [REQUIREMENTS.] After January 1, 2001, the financial condition of an insurer doing business under chapter 68A must be determined by applying the general provisions of the insurance code requiring the establishment of reserves sufficient to cover all known and unknown liabilities including allocated and unallocated loss adjustment expense, except that a title insurer shall also establish and maintain the reserves required by this section.

Subd. 2. [CLAIM RESERVES.] A title insurer shall establish and maintain a known claim reserve in an amount estimated to be sufficient to cover all unpaid losses, claims, and allocated loss adjustment expenses arising under title insurance policies, guaranteed certificates of title, guaranteed searches, and guaranteed abstracts of title and all unpaid losses, claims, and allocated loss adjustment expenses for which the title insurer may be liable, and for which the insurer has received notice by or on behalf of the insured, holder of a guarantee, or escrow or security depositor.

Subd. 3. [PREMIUM RESERVE.] (a) A title insurer shall establish and maintain a statutory premium reserve consisting of:

(1) the amount of statutory premium reserve required by the laws of the domiciliary state of the insurer if the insurer is a foreign or non-U.S. title insurer; or

(2) if the insurer is a domestic title insurer of this state, a statutory or unearned premium reserve consisting of:

(i) the amount of the statutory or unearned premium or reinsurance reserve legally held on January 1, 2001, which balance must be released according to the law in effect at the time the sums were added to the reserve; and

(ii) additions to the reserve after January 1, 2001, must be made out of total charges for title insurance policies and guarantees written, equal to the sum of the following items, as set forth in the title insurer's most recent annual statement filed with the commissioner:

(A) for each title insurance policy on a single risk written or assumed after January 1, 2001, a minimum rate of \$0.36 per \$1,000 of net retained liability for policies under \$500,000 and \$0.16 per \$1,000 of net retained liability for policies of \$500,000 or greater; and

(B) a minimum of eight percent of escrow, settlement, and closing fees collected in contemplation of the issuance of title insurance policies or guarantees.

(b) The aggregate of the amounts set aside in this reserve in any calendar year pursuant to paragraph (a), clause (2), item (ii), must be released from the reserve and restored to net profits over a period of 20 years at an amortization rate not to exceed the following formula: 35 percent of the aggregate sum on July 1 of the year next succeeding the year of addition; 15 percent of the aggregate sum on July 1 of each of the succeeding two years; ten percent of the aggregate sum on July 1 of the next succeeding year; three percent of the aggregate sum on July 1 of each of the next three succeeding years; two percent of the aggregate sum on July 1 of each of the next three succeeding years; and one percent of the aggregate sum on July 1 of each of the next succeeding ten years.

(c) The insurer shall calculate an adjusted statutory or unearned premium reserve as of the year of first application of paragraph (a), clause (2), item (ii). The adjusted reserve must be calculated as if paragraph (a), clause (2), item (ii) had been in effect for all years beginning 20 years before the year of first application of paragraph (a), clause (2), item (ii). For purposes of this calculation, the balance of the reserve as of that date is considered to be zero. If the adjusted reserve so calculated exceeds the aggregate amount set aside for statutory or unearned premiums in the insurer's most recent annual statement filed with the commissioner, the insurer shall, out of total charges for policies

of title insurance, increase its statutory or unearned premium reserve by an amount equal to one-sixth of that excess in each of the succeeding six years, beginning with the calendar year that includes the year of first application of paragraph (a), clause (2), item (ii), until the entire excess has been added.

(d) The aggregate of the amounts set aside in this reserve in any calendar year as adjustments to the insurer's statutory or unearned premium reserve pursuant to paragraph (c) must be released from the reserve and restored to net profits, or equity if the additions required by paragraph (c) reduced equity directly, over a period not exceeding ten years pursuant to the following table:

<u>Year of addition</u>	<u>Release</u>
<u>Year 1*</u>	<u>Equally over ten years</u>
<u>Year 2</u>	<u>Equally over nine years</u>
<u>Year 3</u>	<u>Equally over eight years</u>
<u>Year 4</u>	<u>Equally over seven years</u>
<u>Year 5</u>	<u>Equally over six years</u>
<u>Year 6</u>	<u>Equally over five years</u>

* The calendar year following the year of first application of paragraphs (a), clause (2), item (ii), (b), and (c).

(e) A supplemental reserve must be established consisting of any other reserves necessary, when taken in combination with the reserves required by sections 68A.02 and 68A.03, to cover the company's liabilities with respect to all losses, claims, and loss adjusted expenses.

(f) Each title insurer subject to the provisions of this chapter shall file with its annual statement, required under section 60A.13, subdivision 1, a certification by a member in good standing of the American Academy of Actuaries. The actuarial certification required of a title insurer must conform to the National Association of Insurance Commissioners' annual statement instructions for title insurers.

Sec. 15. Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any sales, whether or not effected through a broker-dealer, provided that:

(1) no person shall make more than ten sales of securities of the same issuer pursuant to this exemption, exclusive of sales according to clause (2), during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (i) the seller reasonably believes that all buyers are purchasing for investment, and (ii) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone; and

(2) no issuer shall make more than 25 sales of its securities according to this exemption, exclusive of sales pursuant to clause (1), during any period of 12 consecutive months; provided further, that the issuer meets the conditions in clause (1) and, in addition meets the following additional conditions: (i) files with the commissioner, ten days before a sale according to this clause, a statement of issuer on a form prescribed by the commissioner; and (ii) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyers in this state in connection with a sale according to this clause except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale,

and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) An offer or sale of securities by an issuer made in reliance on the exemptions provided by Rule 505 or 506 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.508, subject to the conditions and definitions provided by Rules 501 to 503 of Regulation D, if the offer and sale also satisfies the conditions and limitations in clauses (1) to (10).

(1) The exemption under this paragraph is not available for the securities of an issuer if any of the persons described in Rule 252(c) to (f) of Regulation A promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.251 to 230.263:

(i) has filed a registration statement that is the subject of a currently effective order entered against the issuer, its officers, directors, general partners, controlling persons, or affiliates, according to any state's law within five years before the filing of the notice required under clause (5), denying effectiveness to, or suspending or revoking the effectiveness of, the registration statement;

(ii) has been convicted, within five years before the filing of the notice required under clause (5), of a felony or misdemeanor in connection with the offer, sale, or purchase of a security or franchise, or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is subject to an effective administrative order or judgment entered by a state securities administrator within five years before the filing of the notice required under clause (5), that prohibits, denies, or revokes the use of an exemption from securities registration, that prohibits the transaction of business by the person as a broker-dealer or agent, or that is based on fraud, deceit, an untrue statement of a material fact, or an omission to state a material fact; or

(iv) is subject to an order, judgment, or decree of a court entered within five years before the filing of the notice required under clause (5), temporarily, preliminarily, or permanently restraining or enjoining the person from engaging in or continuing any conduct or practice in connection with the offer, sale, or purchase of a security, or the making of a false filing with a state.

A disqualification under paragraph (h) involving a broker-dealer or agent is waived if the broker-dealer or agent is or continues to be licensed in the state in which the administrative order or judgment was entered against the person or if the broker-dealer or agent is or continues to be licensed in this state as a broker-dealer or agent after notifying the commissioner of the act or event causing disqualification.

The commissioner may waive a disqualification under paragraph (h) upon a showing of good cause that it is not necessary under the circumstances that use of the exemption be denied.

A disqualification under paragraph (h) may be waived if the state securities administrator or agency of the state that created the basis for disqualification has determined, upon a showing of good cause, that it is not necessary under the circumstances that an exemption from registration of securities under the state's laws be denied.

It is a defense to a violation of paragraph (h) based upon a disqualification if the issuer sustains the burden of proof to establish that the issuer did not know, and in the exercise of reasonable care could not have known, that a disqualification under paragraph (h) existed.

(2) This exemption must not be available to an issuer with respect to a transaction that, although in technical compliance with this exemption, is part of a plan or scheme to evade registration or the conditions or limitations explicitly stated in paragraph (h).

(3) No commission, finder's fee, or other remuneration shall be paid or given, directly or indirectly, for soliciting a prospective purchaser, unless the recipient is appropriately licensed, or exempt from licensure, in this state as a broker-dealer.

(4) Nothing in this exemption is intended to or should be in any way construed as relieving issuers or persons acting on behalf of issuers from providing disclosure to prospective investors adequate to satisfy the antifraud provisions of the securities law of Minnesota.

(5) The issuer shall file with the commissioner a notice on form D as adopted by the Securities and Exchange Commission according to Regulation D, Code of Federal Regulations, title 17, section 230.502. The notice must be filed not later than 15 days after the first sale in this state of securities in an offering under this exemption. Every notice on form D must be manually signed by a person duly authorized by the issuer and must be accompanied by a consent to service of process on a form prescribed by the commissioner.

(6) A failure to comply with a term, condition, or requirement of paragraph (h) will not result in loss of the exemption for an offer or sale to a particular individual or entity if the person relying on the exemption shows that: (i) the failure to comply did not pertain to a term, condition, or requirement directly intended to protect that particular individual or entity, and the failure to comply was insignificant with respect to the offering as a whole; and (ii) a good faith and reasonable attempt was made to comply with all applicable terms, conditions, and requirements of paragraph (h), except that, where an exemption is established only through reliance upon this provision, the failure to comply shall nonetheless constitute a violation of section 80A.08 and be actionable by the commissioner.

(7) The issuer, upon request by the commissioner, shall, within ten days of the request, furnish to the commissioner a copy of any and all information, documents, or materials furnished to investors or offerees in connection with the offer and sale according to paragraph (h).

(8) Neither compliance nor attempted compliance with the exemption provided by paragraph (h), nor the absence of an objection or order by the commissioner with respect to an offer or sale of securities undertaken according to this exemption, shall be considered to be a waiver of a condition of the exemption or considered to be a confirmation by the commissioner of the availability of this exemption.

(9) The commissioner may, by rule or order, increase the number of purchasers or waive any other condition of this exemption.

(10) The determination whether offers and sales made in reliance on the exemption set forth in paragraph (h) shall be integrated with offers and sales according to other paragraphs of this subdivision shall be made according to the integration standard set forth in Rule 502 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502. If not subject to integration according to that rule, offers and sales according to paragraph (h) shall not otherwise be integrated with offers and sales according to other exemptions set forth in this subdivision.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative organized under chapter 308A or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when such securities are issued as patronage dividends. This paragraph applies to a cooperative organized under the laws of another state only if the cooperative has filed with the commissioner a consent to service of process under section 80A.27, subdivision 7, and has, not less than ten days prior to the issuance or delivery, furnished the commissioner with a written general description of the transaction and any other information that the commissioner requires by rule or otherwise. ~~This exemption only applies when the issuing cooperative is seeking to raise up to \$1,000,000.~~

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe no less than ten days prior to the transaction.

(q) Any nonissuer sales of any security, including a revenue obligation, issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

(r) Any transaction as to which the commissioner by rule or order finds that registration is not necessary in the public interest and for the protection of investors.

(s) An offer or sale of a security issued in connection with an employee's stock purchase, savings, option, profit sharing, pension, or similar employee benefit plan, if the following conditions are met:

(1) the issuer, its parent corporation or any of its majority-owned subsidiaries offers or sells the security according to a written benefit plan or written contract relating to the compensation of the purchaser; and

(2) the class of securities offered according to the plan or contract, or if an option or right to purchase a security, the class of securities to be issued upon the exercise of the option or right, is registered under section 12 of the Securities Exchange Act of 1934, or is a class of securities with respect to which the issuer files reports according to section 15(d) of the Securities Exchange Act of 1934; or

(3) the issuer fully complies with the provisions of Rule 701 as adopted by the Securities and Exchange Commission, Code of Federal Regulations, title 12, section 230.701.

The issuer shall file not less than ten days before the transaction, a general description of the transaction and any other information that the commissioner requires by rule or otherwise or, if applicable, a Securities and Exchange Form S-8. Annually, within 90 days after the end of the issuer's fiscal year, the issuer shall file a notice as provided with the commissioner.

(t) Any sale of a security of an issuer that is a pooled income fund, a charitable remainder trust, or a charitable lead trust that has a qualified charity as the only charitable beneficiary.

(u) Any sale by a qualified charity of a security that is a charitable gift annuity if the issuer has a net worth, otherwise defined as unrestricted fund balance, of not less than \$300,000 and either: (1) has been in continuous operation for not less than three years; or (2) is a successor or affiliate of a qualified charity that has been in continuous operation for not less than three years.

Sec. 16. [REPEALER.]

Minnesota Statutes 1998, sections 60A.12, subdivisions 1, 3, 4, 7, 8, and 9; 60A.125, subdivision 3; and 60A.128, are repealed.

Sec. 17. [EFFECTIVE DATE.]

Section 15 is effective retroactively from July 1, 1999."

Delete the title and insert:

"A bill for an act relating to commerce; conforming state statutes to the National Association of Insurance Commissioners model legislation providing uniform accounting principles; regulating the registration of certain securities; amending Minnesota Statutes 1998, sections 60A.11, subdivision 22; 60A.12, subdivision 5; 60A.121, subdivision 9, and by adding subdivisions; 60A.123; 60A.129, subdivision 3; 66A.16, subdivisions 1 and 2; 68A.01, subdivision 4, and by adding a subdivision; and 68A.02; Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 60A; and 68A; repealing Minnesota Statutes 1998, sections 60A.12, subdivisions 1, 3, 4, 7, 8, and 9; 60A.125, subdivision 3; and 60A.128."

The motion prevailed and the amendment was adopted.

Davids moved to amend S. F. No. 3203, as amended, as follows:

Page 22, line 36, after "(ii)" insert a comma

The motion prevailed and the amendment was adopted.

S. F. No. 3203, A bill for an act relating to insurance; conforming state statutes to the National Association of Insurance Commissioners model legislation providing uniform accounting principles; amending Minnesota Statutes 1998, sections 60A.11, subdivision 22; 60A.12, subdivision 5; 60A.121, subdivision 9, and by adding subdivisions; 60A.123; 60A.129, subdivision 3; 66A.16, subdivisions 1 and 2; 68A.01, subdivision 4, and by adding a subdivision; and 68A.02; proposing coding for new law in Minnesota Statutes, chapters 60A; and 68A; repealing Minnesota Statutes 1998, sections 60A.12, subdivisions 1, 3, 4, 7, 8, and 9; 60A.125, subdivision 3; and 60A.128.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Huntley	Mares	Pelowski	Tingelstad
Abrams	Entenza	Jaros	Mariani	Peterson	Tomassoni
Anderson, B.	Erhardt	Jennings	Marko	Pugh	Trimble
Anderson, I.	Erickson	Johnson	McCollum	Rest	Tuma
Bakk	Finseth	Juhnke	McElroy	Reuter	Tunheim
Biernat	Folliard	Kahn	McGuire	Rhodes	Van Dellen
Bishop	Fuller	Kalis	Milbert	Rifenberg	Vandevor
Boudreau	Gerlach	Kelliher	Molnau	Rostberg	Wagenius
Bradley	Gleason	Kielkucki	Mulder	Rukavina	Wejzman
Broecker	Goodno	Knoblach	Mullery	Schumacher	Wenzel
Buesgens	Gray	Koskinen	Murphy	Seagren	Westerberg
Carlson	Greiling	Krinkie	Ness	Seifert, J.	Westfall
Carruthers	Gunther	Kubly	Nornes	Seifert, M.	Westrom
Cassell	Haake	Kuisle	Olson	Skoe	Wilkin
Chaudhary	Haas	Larsen, P.	Opatz	Skoglund	Winter
Clark, J.	Hackbarth	Larson, D.	Orfield	Smith	Wolf
Clark, K.	Harder	Leighton	Osskopp	Solberg	Workman
Daggett	Hasskamp	Lenczewski	Osthoff	Stanek	Spk. Sviggum
Davids	Hausman	Leppik	Otremba	Stang	
Dawkins	Hilty	Lieder	Ozment	Storm	
Dehler	Holberg	Lindner	Paulsen	Swapinski	
Dempsey	Holsten	Luther	Paulenty	Swenson	
Dorman	Howes	Mahoney	Paymar	Sykora	

The bill was passed, as amended, and its title agreed to.

S. F. No. 3379 was reported to the House.

Rostberg moved to amend S. F. No. 3379 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2761, the first engrossment:

"Section 1. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; AITKIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Aitkin county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282. If the lands described in paragraph (c), clauses (1) and (3), meet the requirements of Minnesota Statutes, section 282.01, subdivision 7a, the county may use the alternative sale procedure described under that section.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Aitkin county and is described as:

(1) Lot 3, less the North 60 feet, Plat of Bridge Park;

(2) all that part of the SW 1/4 of the NE 1/4 lying northeast of the creek, Section 28, Township 52 North, Range 23 West; and

(3) all that part of the SE 1/4 of the NE 1/4 of the SE 1/4 lying south and east of the Snake river, Section 9, Township 43 North, Range 23 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 2. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ISANTI COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Isanti county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Isanti county and is described as:

Lot 1, Block 1, River Ridge Second Addition (02.065.0020).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 3. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ISANTI COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Isanti county may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general for the fair market value as determined by the Isanti county board of commissioners.

(c) The land to be sold is located in Isanti county and is described as:

(1) Lot A, Block 17, Third Francis Lake Shores (02.055.1110);

(2) that part of Government Lot 2, Section 21, Township 35, Range 24 described as follows:

Commencing at the southwest corner of said Lot 2; thence North along the west line thereof 147.73 feet; thence East at right angles with the west line of said Government Lot 2 to the shore of Lake Francis; thence southerly along the shore line of Lake Francis to its intersection with the south line of Government Lot 2; thence West along the south line of Government Lot 2 to the point of beginning and there to terminate. Subject to an easement for road purposes over the West 33 feet thereof (02.021.2100);

(3) Lot 19, Block 1, River Ridge (02.064.0150);

(4) Lot 5, Block 1, River Ridge Second Addition (02.065.0060);

(5) Lot 6, Block 1, River Ridge Second Addition (02.065.0070);

(6) Lot 7, Block 1, River Ridge Second Addition (02.065.0080);

(7) that part of Government Lot 2, Section 21, Township 34, Range 22, described as follows:

Beginning at the northeast corner of said Section 21; thence South, along the east line thereof, 1,380 feet; thence South 66 degrees 26 minutes West for 570 feet; thence South 5 degrees 4 minutes West for 560 feet; thence South 50 degrees 35 minutes West for 240 feet; thence South 35 degrees 11 minutes West for 181 feet to the point of beginning of the tract hereby described; thence South 69 degrees 17 minutes East for 112.48 feet to a point near the top of the bank adjacent to the shore of Typo Lake; thence South 35 degrees 11 minutes West, along or near said bank, for 59 feet; thence North 83 degrees 49 minutes West for 124.4 feet; thence North 35 degrees 11 minutes East for 91 feet to the point of beginning (08.021.1900);

(8) the East half of the Northeast Quarter of the Northeast Quarter, Section 10, Township 34, Range 25 (12.010.1900); and

(9) the Northwest Quarter of the Northwest Quarter, Section 11, Township 34, Range 25 (12.011.1900).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 4. Laws 1999, chapter 161, section 30, is amended to read:

Sec. 30. [~~PRIVATE CONVEYANCE OF COUNTY LAND; ITASCA COUNTY.~~]

(a) Notwithstanding Minnesota Statutes, ~~section sections 282.018, subdivision 1, and 373.01, subdivision 1, clause (4), Itasca county may privately and the public sale provisions of Minnesota Statutes, chapter 282, the commissioner of revenue shall~~ convey the land described in paragraph (b) as tax-forfeited to the former owner for no consideration.

(b) The land to be conveyed is described as:

That portion of Government Lot 2 lying and being North of the Ball Club river in Section 31, Township 145, Range 25, according to the government survey thereof on file and of record with the county recorder of and for said county and state.

Subject to reservations, restrictions, and easements as they appear of record.

(c) The land described in paragraph (b) was donated to Itasca county to develop a park. Itasca county has chosen not to develop a park and has determined that the land should be returned to the donor.

Sec. 5. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; LAKE COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Lake county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Lake county and is described as:

(1) an undivided 1/200 interest in Government Lot 7, North of CSAH 16, Section 30, Township 63 North, Range 11 West;

(2) an undivided 24 percent interest in Government Lot 8, Section 30, Township 63 North, Range 11 West; and

(3) a 1/200 interest in the NE 1/4 of the SW 1/4, Section 30, Township 63 North, Range 11 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 6. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; MARTIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Martin county may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Martin county and is described as:

(1) Parcel No. 23-164-0010, Lot 001, Block 001, Lake Park Addition, city of Fairmont;

(2) Parcel No. 23-164-0380, Lot 021, Block 002, Lake Park Addition, city of Fairmont;

(3) Parcel No. 23-164-0400, Lot 025, Block 002, Lake Park Addition, city of Fairmont; and

(4) Parcel No. 23-164-0450, Lot 004, Block 003, Lake Park Addition, city of Fairmont.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 7. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; NORMAN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Norman county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Norman county and is described as:

(1) Section 12, Township 146, Range 49, commencing at a point 369.13 feet North and 2318.07 feet West of the southeast corner of Section 12-146-49; East 363.3 feet, North 514.71 feet, northwest and westerly 1193.15 feet, South 290.6 feet, to the center of Marsh river, southerly along the river center line to the south line of Section 12 (Parcel 18-7034000); and

(2) Section 13, Township 146, Range 49, that part of the S 1/2 of the SW 1/4 of the NE 1/4, south of river (Parcel 18-7049000).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 8. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; NORMAN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Norman county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The sale must be in a form approved by the attorney general.

(c) The land to be sold is located in Norman county and is described as: 2.73 acres beginning at a point 26 rods North of the northwest corner of the Southwest Quarter of the Southwest Quarter; North 44 rods; East 19 rods; Southwest 48 rods to beginning, Section 20, Township 146 North, Range 48 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 9. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; POLK COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Polk county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Polk county and is described as:

Lots 1 to 8, Block 1, Park Addition to Erskine.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 10. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; RAMSEY COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Ramsey county may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The sale must be in a form approved by the attorney general.

(c) The land to be sold is located in Ramsey county and is described as:

(1) that part of Government Lot 1 lying within the Southwest Quarter of the Northwest Quarter and southerly of North Owasso Boulevard, subject to easements, Section 36, Township 30, Range 23 (PIN: 36-30-23-23-0015-2); and

(2) the North 41-6/10 feet of part of Government Lot 1 lying within the Southwest Quarter, except that part West of the extended westerly line of Lot 1, Lake Owasso Heights, subject to roads and easements, Section 36, Township 30, Range 23 (PIN: 36-30-23-32-0001-5).

(d) The county has determined that the county's land management interests would best be served if the land was sold to the Ramsey county department of public works to install a permanent water aeration system for Lake Owasso.

Sec. 11. [PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.] (a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis county may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The land described in paragraph (c) may be sold by private sale to the iron range resources and rehabilitation board for economic development. The sale must be in a form approved by the attorney general for the appraised value of the land.

(c) The land to be sold is located in St. Louis county, consists of approximately 40 acres, and is described as: the Northeast Quarter of the Southwest Quarter, Section 5, Township 58 North, Range 15 West.

(d) The county has determined that the county's land management interests would best be served if the land was returned to private ownership.

Sec. 12. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Washington county may sell by private sale for not less than the appraised value the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Washington county and is described as: Lot 1, Block 1, Holiday Beach.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership."

Delete the title and insert:

"A bill for an act relating to state lands; authorizing public and private sales of certain tax-forfeited lands; amending Laws 1999, chapter 161, section 30."

The motion prevailed and the amendment was adopted.

Ozment moved to amend S. F. No. 3379, as amended, as follows:

Page 2, after line 4, insert:

"Sec. 2. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; DAKOTA COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Dakota county may sell to the city of Farmington, housing and redevelopment authority, the tax-forfeited land bordering public water that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The sale must be in a form approved by the attorney general and subject to a conservation easement, in a form prescribed by the commissioner of natural resources, that includes at least a 100-foot strip for protection along the Vermillion river, protection of associated wetlands and uplands, and public recreational use.

(c) The land to be sold is located in Dakota county and is described as:

That part of the Northeast Quarter (NE-1/4) of the Northwest Quarter (NW-1/4) of Section 31, Township 114 North, Range 19 West, Dakota county, Minnesota, described as follows: Beginning at the intersection of the northerly right-of-way line of the Milwaukee Road Railway with the east line of the NE-1/4 of the NW-1/4 of said Section, said point being 1155.3 feet South of the Northeast corner of the NE-1/4 of the NW-1/4 of said Section; thence bearing North (assumed bearing) along the said east line 450.00 feet; thence bearing West 65.89 feet; thence bearing South 32 degrees 02 minutes East 45.51 feet; thence bearing South 4 degrees 41 minutes East 39.62 feet; thence bearing South 35 degrees 39 minutes West 135.10 feet; thence bearing South 68 degrees 43 minutes West 59.91 feet; thence bearing North 63 degrees 44 minutes West 39.11 feet; thence bearing South 47 degrees 14 minutes West 14.80 feet to a point which is 219.00 feet West of the east line of the NE-1/4 of the NW-1/4 of said Section (when measured on a line perpendicular to said east line); thence bearing South parallel with said east line 285.00 feet to the northerly right-of-way line of said Milwaukee Road Railway; thence easterly along said northerly right-of-way line on a nontangent curve; concave to the North with a radius of 2814.79 feet, a distance of 222.16 feet to the point of beginning (the chord of said curve bearing North 30 degrees 19 minutes 24 seconds East).

(d) The county has determined that the county's land management interests would best be served if the land was returned to private ownership.

(e) The commissioner of natural resources shall review the city of Farmington's landfill clean up plan for the land described in paragraph (c) to determine its impact on the Vermillion river."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Osskopp moved to amend S. F. No. 3379, as amended, as follows:

Page 8, after line 36, insert:

"Sec. 13. [PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY AND LAKE COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county and Lake county may sell lands located in their counties

described in paragraph (d) by private sale under the remaining provisions of chapter 282 if acquired by the counties as tax-forfeited land pursuant to a land exchange by the United States of America, United States Forest Service, under the authority of Minnesota Statutes, section 94.344.

(b) The sale must be in the form approved by the attorney general.

(c) The parcels of land to be sold for private sale must be sold for appraised value to the present United States Forest Service special use permittees occupying these resort properties.

(d) The parcels of land to be sold are as follows:

(1) St. Louis county, Big Lake Wilderness Lodge Resort, described as:

Government Lot 3, Section 28, Township 65 North, Range 13 West of the 4th Principal Meridian;

(2) St. Louis county, Timber Bay Lodge and Houseboat Resort, described as:

part of Government Lots 6 and 7, Section 31, Township 61 North, Range 12 West of the 4th Principal Meridian;

(3) Lake county, Riverpoint Resort, described as:

part of Government Lots 1, 2, 10 and 11, Section 6, Township 61 North, Range 11 West of the 4th Principal Meridian; and

(4) Lake county, Roaring Stoney Resort, described as:

part of Government Lots 8 and 9, Section 30, Township 61 North, Range 11 West of the 4th Principal Meridian.

(e) The county has determined that the counties' land management interest would best be served if the lands were returned to private ownership.

Sec. 14. [EFFECTIVE DATE.]

Section 13 is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Wenzel moved to amend S. F. No. 3379, as amended, as follows:

Page 5, after line 31, insert:

"Sec. 7. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; MORRISON COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45, 103F.535, and 282.018, Morrison county may sell the tax-forfeited land bordering public water or wetlands that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Morrison county and is described as:

(1) Lot 13, Block 10, Enchanted Lakes First Addition;

(2) Lot 11, Block 10, Enchanted Lakes First Addition;

(3) Lot 10, Block 13, Enchanted Lakes First Addition;

(4) Lot 12, Block 13, Enchanted Lakes First Addition;

(5) Lot 20, Block 13, Enchanted Lakes First Addition;

(6) Lot 24, Block 13, Enchanted Lakes First Addition;

(7) Lot 26, Block 13, Enchanted Lakes First Addition;

(8) Lot 6, Block 1, Enchanted Lakes-Birchwood North;

(9) Lot 7, Block 1, Enchanted Lakes-Birchwood North;

(10) Lot 11, Block 1, Enchanted Lakes-Birchwood North;

(11) Lot 14, Block 1, Enchanted Lakes-Birchwood North;

(12) Lot 38, Block 1, Enchanted Lakes-Birchwood North;

(13) Lot 41, Block 1, Enchanted Lakes-Birchwood North;

(14) Lot 8, Block 2, Enchanted Lakes-Birchwood North;

(15) Lot 10, Block 2, Enchanted Lakes-Birchwood North;

(16) Lot 22, Block 2, Enchanted Lakes-Birchwood North;

(17) Lot 33, Block 1, Enchanted Lakes-Birchwood South;

(18) Lot 8, Edgewater;

(19) Lot 4, Block 1, Enchanted Lakes-Golf Course;

(20) Lot 32, Block 2, Enchanted Lakes-Golf Course;

(21) Lot 4, Block 5, Enchanted Lakes-Golf Course;

(22) Lot 12, Block 5, Enchanted Lakes-Golf Course;

(23) Lot 13, Block 5, Enchanted-Lakes Golf Course;

(24) Lot 15, Block 5, Enchanted Lakes-Golf Course;

(25) Lot 17, Block 5, Enchanted Lakes-Golf Course;

(26) Lot 18, Block 5, Enchanted Lakes-Golf Course;

(27) Lot 19, Block 5, Enchanted Lakes-Golf Course;

(28) Lot 3, Block 11, Enchanted Lakes-Golf Course;

(29) Lot 1, Block 1, Enchanted Lakes-Overlook;

(30) Lot 34, Block 3, Enchanted Lakes-Overlook;

(31) Lot 3A, Block 5, Enchanted Lakes-Overlook;

(32) S 1/2 of S 1/2 of S 1/2 and S 1/2 of N 1/2 of S 1/2 of S 1/2, all of the SW 1/4, Lakin township, Section 12, Township 39 North, Range 28 West;

(33) SE 1/4 of SE 1/4, Platte township, Section 4, Township 42 North, Range 30 West;

(34) NW 1/4 of SE 1/4, town of Pulaski, Section 14, Township 42 North, Range 29 West;

(35) Lot 3, Ripley township, Section 22, Township 42 North, Range 31 West;

(36) Lot 4, Block 1, Lincoln Beach of Fish Trap;

(37) Outlot A, Block 1, The Summit, town of Scandia Valley;

(38) Lot 15, Shamineau Park 10th Addition;

(39) Lot 93, Shamineau Park 10th Addition; and

(40) Lot 94, Shamineau Park 10th Addition.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Skoe moved to amend S. F. No. 3379, as amended, as follows:

Page 2, after line 4, insert:

"Sec. 2. [PRIVATE CONVEYANCE OF CONSOLIDATED CONSERVATION LAND; BELTRAMI COUNTY.]

(a) Notwithstanding the classification and public sale provisions of Minnesota Statutes, chapters 84A, 94, and 282, the commissioner of natural resources may convey to Waskish township, for no consideration, the consolidated conservation land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and must provide that the land reverts to the state if it is not used for public airport purposes.

(c) The land that may be conveyed is located in Beltrami county and is described as follows: Southwest Quarter of Northeast Quarter, Section Twenty, Township 154 North, Range 30 West."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Murphy moved to amend S. F. No. 3379, as amended, as follows:

Page 8, after line 36, insert:

"Sec. 13. [EXCHANGE OF LAND AUTHORIZED; CARLTON COUNTY.]

(a) Notwithstanding the public sale requirements of Minnesota Statutes, section 373.01, subdivision 1, or other law to the contrary, Carlton county may exchange the land described in paragraph (b) for the land owned by the Fond du Lac band of Lake Superior Chippewa described in paragraph (c). Notwithstanding Minnesota Statutes, section 373.01, subdivision 1, Carlton county shall not reserve mineral rights in the land described in paragraph (b).

(b) The land owned by Carlton county is described as: the Northwest Quarter of the Northwest Quarter, Section 27, Township 49, Range 17.

(c) The land owned by the Fond du Lac band of Lake Superior Chippewa is described as: the Northwest Quarter of the Southeast Quarter, except the South Half of the South Half thereof, Section 28, Township 49, Range 17.

(d) Carlton county has determined that the lands to be exchanged are of substantially equal value and that the exchange is beneficial in creating contiguous ownership for both parties of the exchange."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Bakk moved to amend S. F. No. 3379, as amended, as follows:

Page 8, after line 36, insert:

"Sec. 13. [CONVEYANCE OF STATE LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 94.09 to 94.16, the commissioner of natural resources shall convey to Breitung township for no consideration the land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and provide that the lands reverts to the state if Breitung township attempts to sell or otherwise transfer the land.

(c) The land to be conveyed is located in St. Louis county and is described as: the 149 boathouse lots located at Stuntz Bay in the Soudan Underground Mine State Park."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Bakk amendment and the roll was called. There were 55 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Finseth	Kelliher	Mulder	Rukavina	Vandever
Anderson, I.	Fuller	Kubly	Murphy	Schumacher	Wenzel
Bakk	Gray	Larson, D.	Opatz	Skoe	Westfall
Carlson	Hasskamp	Lieder	Osskopp	Smith	Westrom
Carruthers	Hilty	Lindner	Otremba	Solberg	Winter
Chaudhary	Howes	Luther	Paymar	Stang	
Clark, K.	Jaros	Mahoney	Pelowski	Swapinski	
Dehler	Jennings	Mariani	Peterson	Tomassoni	
Dorn	Juhnke	Marko	Pugh	Trimble	
Entenza	Kalis	Milbert	Reuter	Tunheim	

Those who voted in the negative were:

Abeler	Dempsey	Harder	Leighton	Osthoff	Storm
Abrams	Dorman	Hausman	Lenczewski	Ozment	Swenson
Biernat	Erhardt	Holberg	Leppik	Paulsen	Sykora
Bishop	Erickson	Holsten	Mares	Pawlenty	Tingelstad
Boudreau	Folliard	Huntley	McCollum	Rest	Tuma
Bradley	Gerlach	Johnson	McElroy	Rhodes	Van Dellen
Broecker	Gleason	Kahn	McGuire	Rifenberg	Wagenius
Buesgens	Goodno	Kielkucki	Molnau	Rostberg	Wejzman
Cassell	Greiling	Knoblach	Mullery	Seagren	Westerberg
Clark, J.	Gunther	Koskinen	Ness	Seifert, J.	Wilkin
Daggett	Haake	Krinkie	Nornes	Seifert, M.	Wolf
Davids	Haas	Kuisele	Olson	Skoglund	Workman
Dawkins	Hackbarth	Larsen, P.	Orfield	Stanek	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

McCollum, Bakk, Hausman and Osthoff moved to amend S. F. No. 3379, as amended, as follows:

Page 2, after line 30, insert:

"(c) Substandard lots should have conservation restrictions preventing the development of lots when sold."

Reletter subsequent paragraphs

Page 6, line 4, before the period, insert "and approval is contingent on the county board requiring delineation of the 100 year flood plain and floodway prior to any proposed development"

Page 7, line 8, before the period, insert "and approval is contingent on the city of Erskine requiring any development of the parcel to conform to minimum state standards for shoreland areas"

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The Speaker called Abrams to the Chair.

Sviggum was excused for the remainder of today's session.

The question was taken on the McCollum et al amendment and the roll was called. There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Abeler	Folliard	Johnson	Lieder	Orfield	Skoglund
Bakk	Gleason	Juhnke	Luther	Otremba	Swapinski
Biernat	Gray	Kahn	Mahoney	Paymar	Tomassoni
Carlson	Greiling	Kalis	Mariani	Pelowski	Trimble
Carruthers	Hasskamp	Kelliher	Marko	Peterson	Tunheim
Chaudhary	Hausman	Koskinen	McCollum	Pugh	Vandever
Clark, K.	Hilty	Kubly	McGuire	Rest	Wagenius
Dawkins	Huntley	Larson, D.	Milbert	Rhodes	Wejcman
Dorn	Jaros	Leighton	Murphy	Rukavina	Westerberg
Entenza	Jennings	Lenczewski	Opatz	Schumacher	Winter

Those who voted in the negative were:

Abrams	Dempsey	Harder	McElroy	Rifenberg	Sykora
Anderson, B.	Dorman	Holberg	Molnau	Rostberg	Tingelstad
Bishop	Erhardt	Holsten	Mulder	Seagren	Tuma
Boudreau	Erickson	Howes	Mullery	Seifert, J.	Van Dellen
Bradley	Finseth	Kielkucki	Ness	Seifert, M.	Wenzel
Broecker	Fuller	Knoblach	Nornes	Skoe	Westfall
Buesgens	Gerlach	Krinkie	Olson	Smith	Westrom
Cassell	Goodno	Kuisle	Osskopp	Solberg	Wilkin
Clark, J.	Gunther	Larsen, P.	Ozment	Stanek	Wolf
Daggett	Haake	Leppik	Paulsen	Stang	Workman
Dauids	Haas	Lindner	Pawlenty	Storm	
Dehler	Hackbarth	Mares	Reuter	Swenson	

The motion did not prevail and the amendment was not adopted.

S. F. No. 3379, A bill for an act relating to state lands; authorizing public and private sales of certain tax-forfeited lands that border public water in Isanti county.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 107 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Holsten	Luther	Pawlenty	Storm
Abrams	Dorman	Howes	Mahoney	Pelowski	Swapinski
Anderson, B.	Dorn	Jennings	Mares	Peterson	Swenson
Anderson, I.	Erhardt	Johnson	Marko	Pugh	Sykora
Bakk	Erickson	Juhnke	McElroy	Rest	Tingelstad
Biernat	Finseth	Kalis	Milbert	Rhodes	Tomassoni
Bishop	Folliard	Kielkucki	Molnau	Rifenberg	Tuma
Boudreau	Fuller	Knoblach	Mulder	Rostberg	Tunheim
Bradley	Gerlach	Krinkie	Mullery	Rukavina	Van Dellen
Broecker	Goodno	Kubly	Murphy	Schumacher	Vandever
Buesgens	Gunther	Kuisle	Ness	Seagren	Wenzel
Carlson	Haake	Larsen, P.	Nornes	Seifert, J.	Westerberg
Cassell	Haas	Larson, D.	Olson	Seifert, M.	Westfall
Chaudhary	Hackbarth	Leighton	Opatz	Skoe	Westrom
Clark, J.	Harder	Lenczewski	Osskopp	Smith	Wilkin
Daggett	Hasskamp	Leppik	Otremba	Solberg	Wolf
Davids	Hilty	Lieder	Ozment	Stanek	Workman
Dehler	Holberg	Lindner	Paulsen	Stang	

Those who voted in the negative were:

Carruthers	Gray	Kahn	McGuire	Skoglund
Clark, K.	Greiling	Kelliher	Orfield	Trimble
Dawkins	Hausman	Koskinen	Osthoff	Wagenius
Entenza	Huntley	Mariani	Paymar	Wejcman
Gleason	Jaros	McCollum	Reuter	Winter

The bill was passed, as amended, and its title agreed to.

S. F. No. 2767, as amended, which was temporarily laid over earlier today on the Calendar for the Day, was again reported to the House.

S. F. No. 2767, A bill for an act relating to health; requiring prompt payment by health plan companies and third-party administrators of clean claims for health care services; proposing coding for new law in Minnesota Statutes, chapter 62Q; repealing Minnesota Statutes 1999 Supplement, section 65D.108.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Paulsen	Storm
Abrams	Dorn	Howes	Luther	Pawlenty	Swapinski
Anderson, B.	Entenza	Huntley	Mahoney	Paymar	Swenson
Anderson, I.	Erhardt	Jaros	Mares	Pelowski	Sykora
Bakk	Erickson	Jennings	Mariani	Peterson	Tingelstad
Biernat	Finseth	Johnson	Marko	Pugh	Tomassoni
Bishop	Folliard	Juhnke	McCollum	Rest	Trimble
Boudreau	Fuller	Kahn	McElroy	Reuter	Tuma
Bradley	Gerlach	Kalis	McGuire	Rhodes	Tunheim
Broecker	Gleason	Kelliher	Milbert	Rifenberg	Van Dellen
Buesgens	Goodno	Kielkucki	Mulder	Rostberg	Vandever
Carlson	Gray	Knoblach	Mullery	Rukavina	Wagenius
Carruthers	Greiling	Koskinen	Murphy	Schumacher	Wejcmán
Cassell	Gunther	Krinkie	Ness	Seagren	Wenzel
Chaudhary	Haake	Kubly	Nornes	Seifert, J.	Westerberg
Clark, J.	Haas	Kuisle	Olson	Seifert, M.	Westfall
Clark, K.	Hackbarth	Larsen, P.	Opatz	Skoe	Westrom
Daggett	Harder	Larson, D.	Orfield	Skoglund	Wilkin
Davids	Hasskamp	Leighton	Osskopp	Smith	Winter
Dawkins	Hausman	Lenczewski	Osthoff	Solberg	Wolf
Dehler	Hilty	Leppik	Otremba	Stanek	Workman
Dempsey	Holberg	Lieder	Ozment	Stang	

The bill was passed, as amended, and its title agreed to.

Pawlenty moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Bishop moved that S. F. No. 3386 be recalled from the Committee on Higher Education Finance and be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2563:

Storm, Harder and Mahoney.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 9:00 a.m., Tuesday, April 4, 2000. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and Speaker pro tempore Abrams declared the House stands adjourned until 9:00 a.m., Tuesday, April 4, 2000.

EDWARD A. BURDICK, Chief Clerk, House of Representatives