

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION — 2013

 THIRTIETH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 2, 2013

The House of Representatives convened at 12:00 noon and was called to order by Paul Thissen, Speaker of the House.

Prayer was offered by the Reverend Kevin Schill, Grace United Methodist Church, Burnsville, Minnesota.

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	Dehn, R.	Hansen	Lesch	Myhra	Schomacker
Albright	Dettmer	Hausman	Liebling	Nelson	Scott
Allen	Dill	Hertaus	Lien	Newton	Selcer
Anderson, M.	Dorholt	Hilstrom	Lillie	Nornes	Simon
Anderson, P.	Drazkowski	Holberg	Loeffler	Norton	Simonson
Anderson, S.	Erickson, R.	Hoppe	Lohmer	O'Driscoll	Sundin
Anzelc	Erickson, S.	Hornstein	Loon	O'Neill	Swedzinski
Atkins	Fabian	Hortman	Mack	Paymar	Theis
Barrett	Falk	Howe	Mahoney	Pelowski	Torkelson
Beard	Faust	Huntley	Mariani	Peppin	Uglen
Benson, J.	Fischer	Isaacson	Marquart	Persell	Urdahl
Benson, M.	FitzSimmons	Johnson, B.	Masin	Petersburg	Wagenius
Bernardy	Franson	Johnson, C.	McDonald	Poppe	Ward, J.A.
Bly	Freiberg	Johnson, S.	McNamar	Pugh	Ward, J.E.
Brynaert	Fritz	Kahn	McNamara	Quam	Wills
Carlson	Garofalo	Kelly	Melin	Radinovich	Winkler
Clark	Green	Kieffer	Metsa	Rosenthal	Woodard
Cornish	Gruenhagen	Kiel	Moran	Runbeck	Yarusso
Daudt	Gunther	Kresha	Morgan	Sanders	Zellers
Davids	Hackbarth	Laine	Mullery	Savick	Zerwas
Davnie	Halverson	Leidiger	Murphy, E.	Sawatzky	Spk. Thissen
Dean, M.	Hamilton	Lenczewski	Murphy, M.	Schoen	

A quorum was present.

Erhardt, Newberger and Slocum were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 21, 2013

The Honorable Paul Thissen
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Thissen:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State H. F. No. 87.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2013 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2013</i>	<i>Date Filed 2013</i>
	87	10	1:58 p.m. March 21	March 21

Sincerely,

MARK RITCHIE
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Murphy, M., from the Committee on State Government Finance and Veterans Affairs to which was referred:

H. F. No. 136, A bill for an act relating to public disclosure; expanding the definition of public official in campaign finance and public disclosure law; providing clarifying changes; amending Minnesota Statutes 2012, sections 10A.01, subdivision 35; 10A.07; 10A.071, subdivision 1; 10A.08; 10A.09, subdivision 6a.

Reported the same back with the following amendments:

Page 4, after line 25, insert:

"Sec. 6. Minnesota Statutes 2012, section 10A.09, is amended by adding a subdivision to read:

Subd. 9. **Waivers.** Upon written request and for good cause shown, the board may waive the requirement that an official disclose the address of real property that constitutes a secondary residence of the official."

Page 4, line 27, delete "5" and insert "6"

Renumber the sections in sequence

Correct the title numbers accordingly

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.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 276, A joint resolution requesting that Congress propose a constitutional amendment and, if Congress does not propose an amendment, applying to Congress to call a constitutional convention to propose an amendment clarifying that the rights protected under the Constitution are the rights of natural persons and not the rights of artificial entities and that spending money to influence elections is not speech under the First Amendment.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Murphy, M., from the Committee on State Government Finance and Veterans Affairs to which was referred:

H. F. No. 334, A bill for an act relating to elections; providing for early voting; appropriating money; amending Minnesota Statutes 2012, sections 201.022, subdivision 1; 203B.001; 203B.01, by adding a subdivision; 203B.03, subdivision 1; 203B.05, subdivision 1; 203B.081; 203B.085; 203B.121, subdivisions 1, 3, 4, 5, by adding a subdivision; 204B.28, subdivision 2; 206.82, subdivision 1; 206.83; proposing coding for new law in Minnesota Statutes, chapter 203B.

Reported the same back with the following amendments:

Page 11, line 2, delete "\$....." and insert "\$131,000"

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.

Mariani from the Committee on Education Policy to which was referred:

H. F. No. 336, A bill for an act relating to education; providing for nutrition policy; appropriating money; amending Minnesota Statutes 2012, section 124D.111, subdivision 1, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Education Finance.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 348, A bill for an act relating to transportation; modifying application procedures and requirements for driver's license; amending Minnesota Statutes 2012, section 171.06, subdivision 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Mariani from the Committee on Education Policy to which was referred:

H. F. No. 363, A bill for an act relating to education; establishing minimum ratios for students per school counselors; proposing coding for new law in Minnesota Statutes, chapter 121A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **TITLE.**

This act may be cited as the "Student Services Personnel Team Assurance Act."

Sec. 2. **STUDENT SERVICES PERSONNEL TEAM STAFFING GRANTS.**

Subdivision 1. **Grant program established.** A grant program is established to assist school districts with caseloads above the established and recognized recommendations or guidelines of the student service personnel professions in licensed school counseling, school psychology, school nursing, school social work, and chemical dependency counseling. Grants must be used to create or maintain student service personnel teams to address the academic, career, personal, social, and early-onset mental health needs of the students within that district.

Subd. 2. Definitions. "Student services personnel team" means a licensed school counselor, school psychologist, school nurse, school social worker, and chemical dependency counselor licensed by the Board of Teaching to provide such services.

Subd. 3. Application. The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants. This criteria must include priority funding directed to school districts in which student service personnel teams either (1) do not exist, (2) need missing or additional positions of a specific student service personnel team to complete the team, (3) are not normally funded or reimbursed by other sources, or (4) have caseloads among specific team members in excess of 50 percent of the established and recognized recommendations or guidelines of the profession.

Subd. 4. Grant awards. To qualify for a grant, each student services personnel team member must serve within the scope and practice of the established and recognized capacity of their respective professions and as defined by the Board of Teaching. Grants for the student services personnel team shall be used to lower the caseloads for specific team member areas in order to more effectively provide direct services to kindergarten through grade 12 students. Grant funding under this section must be matched by new funding for the student services personnel team from the school district. The school district must provide the additional funding for a two-year period or repay the grant to the Department of Education.

Subd. 5. Reports. School districts that receive grant funds shall report to the commissioner of education no later than July 31 of each year regarding the impact of the student services personnel team on the academic, career, personal, social, and early-onset mental health needs of the students served by the team during the previous academic year. The Department of Education shall develop the criteria necessary for the reports.

Sec. 3. **APPROPRIATION.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Student services grants. For student services personnel team staffing grants under section 2:

<u>\$20,000,000</u>	<u>.....</u>	<u>2014</u>
<u>\$20,000,000</u>	<u>.....</u>	<u>2015</u>

Any balance in the first year does not cancel, but is available in the second year."

Delete the title and insert:

"A bill for an act relating to education; establishing a student services personnel team staffing grant; appropriating money."

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

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 392, A bill for an act relating to judiciary; modifying provisions governing public hearings in juvenile court proceedings; amending Minnesota Statutes 2012, section 260B.163, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 260B.171, is amended by adding a subdivision to read:

Subd. 9. **Electronic public records.** (a) Legal records arising from juvenile court proceedings accessible to the public through an electronic database shall not include the juvenile subject's name in any public record of the electronic database until after a juvenile's first court appearance, nor thereafter if the court determines, on the basis of written case-specific findings made after notice and an opportunity for the juvenile, the prosecutor, and any interested party to be heard, that the juvenile's interest in confidentiality outweighs the public's interest in access to electronic records containing the juvenile subject's name.

(b) The court may not issue the order described in paragraph (a) over the objection of the prosecutor in any case in which:

(1) the prosecutor has filed a motion for certification;

(2) the prosecutor has designated or requested that the proceeding be designated an extended jurisdiction juvenile prosecution; or

(3) the juvenile has been adjudicated delinquent of a crime of violence as defined in section 624.712, subdivision 5, and not codified in chapter 152.

Sec. 2. Minnesota Statutes 2012, section 260B.198, subdivision 7, is amended to read:

Subd. 7. **Continuance.** (a) When it is in the best interests of the child to do so and not inimical to public safety and when the child has admitted the allegations contained in the petition before the judge or referee, or when a hearing has been held as provided for in section 260B.163 and the allegations contained in the petition have been duly proven but, in either case, before a finding of delinquency has been entered, the court may continue the case for a period not to exceed ~~90~~ 180 days on any one order. ~~Such a continuance may be extended for one additional successive period not to exceed 90 days and only after the court has reviewed the case and entered its order for an additional continuance without a finding of delinquency.~~ The continuance may be renewed for up to three additional successive periods not to exceed 180 days each, but only with the consent of the prosecutor and only after the court has reviewed the case and entered its order for each additional continuance without a finding of delinquency. During ~~this~~ a continuance the court may enter an order in accordance with the provisions of subdivision 1, ~~clause (1) or (2)~~ except clause (4), or enter an order to hold the child in detention for a period not to exceed 15 days on any one order for the purpose of completing any consideration, or any investigation or examination ordered in accordance with the provisions of section 260B.157.

(b) A prosecutor may appeal a continuance ordered in contravention of this subdivision. This subdivision does not extend the court's jurisdiction under section 260B.193 and does not apply to an extended jurisdiction juvenile proceeding.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to judiciary; modifying provisions governing public hearings and records in juvenile court proceedings; amending Minnesota Statutes 2012, sections 260B.171, by adding a subdivision; 260B.198, subdivision 7."

With the recommendation that when so amended the bill pass.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 453, A bill for an act relating to human services; modifying medical assistance coverage to include consultations with psychologists; amending Minnesota Statutes 2012, section 256B.0625, subdivision 48.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 474, A bill for an act relating to data practices; classifying data related to automated license plate readers; requiring a log of use; requiring data to be destroyed in certain circumstances; amending Minnesota Statutes 2012, section 13.82, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 13.82, is amended by adding a subdivision to read:

Subd. 31. **License plate reader data.** (a) For purposes of this subdivision, "automated license plate reader data" means government data derived from an automated reader that captures motor vehicle license plate numbers.

(b) Automated license plate reader data are private data on individuals or nonpublic data. Notwithstanding section 138.17, automated license plate reader data must not be retained, in any format, unless, based on a search of the Minnesota license plate data file, the data identify a vehicle or license plate that has been stolen, there is a warrant for the arrest of the owner of the vehicle or the owner has a suspended or revoked driver's license, or the data are active investigative data.

(c) A law enforcement agency that installs or uses an automated license plate reader must maintain a log of its use, including:

(1) locations at which the reader is installed or used;

(2) specific times of day that the reader actively collected data; and

(3) the aggregate number of vehicles or license plates on which data are collected for each period of active use.

Notwithstanding any other law to the contrary, data contained in a log required under this paragraph are public.

(d) The responsible law enforcement agency shall conduct a biennial audit of data collected from automated license plate readers to determine whether the data has been classified or destroyed as required under this subdivision. Specific data used in the audit under this paragraph are classified as provided in paragraph (b). Summary data related to the results of the audit are public.

(e) A law enforcement agency may not use an automated license plate reader unless the agency has implemented policies and procedures necessary to ensure compliance with this subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Murphy, M., from the Committee on State Government Finance and Veterans Affairs to which was referred:

H. F. No. 573, A bill for an act relating to insurance; regulating the public employees insurance program; requiring participation by certain school employers; amending Minnesota Statutes 2012, section 43A.316, subdivisions 2, 4, 5, by adding subdivisions.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 580, A bill for an act relating to state government; regulating data protection for victims of violence; amending Minnesota Statutes 2012, sections 5B.02; 5B.03, subdivision 1; 5B.04; 5B.05; 5B.10, by adding a subdivision.

Reported the same back with the following amendments:

Page 3, delete lines 32 to 34 and insert:

"(d) If a program participant has notified a person in writing, on a form prescribed by the program, that the individual is a program participant and of the requirements of this section, the person must not knowingly disclose the program participant's name, home address, work address, or school address, unless the person to whom the address is disclosed also lives, works, or goes to school at the address disclosed, or the participant has provided written consent to disclosure of the participant's name, home address, work address, or school address for the purpose for which the disclosure will be made."

With the recommendation that when so amended the bill pass.

The report was adopted.

Huntley from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 588, A bill for an act relating to health; requiring a hospital staffing report; requiring a study on nurse staffing levels and patient outcomes.

Reported the same back with the following amendments:

Page 2, line 10, before "The" insert "(a) Hospitals must submit the core staffing plans to the Minnesota Hospital Association by January 1, 2014."

Page 2, line 12, before the period, insert "by April 1, 2014"

Page 2, line 13, after the period, insert:

"(b)"

Page 2, line 15, after the period, insert "Hospitals must submit the direct patient care report to the Minnesota Hospital Association by July 1, 2014, and quarterly thereafter."

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.

Mahoney from the Committee on Jobs and Economic Development Finance and Policy to which was referred:

H. F. No. 602, A bill for an act relating to unemployment insurance; modifying eligibility for additional benefits; providing penalties for organizations involved in lockouts; amending Minnesota Statutes 2012, sections 268.125, subdivisions 1, 3, 4, 5, by adding a subdivision; 268.184, subdivision 1.

Reported the same back with the following amendments:

Page 3, delete sections 5 and 6

Page 4, line 33, delete "7" and insert "5"

Page 5, line 21, delete "Market"

Page 5, line 22, delete "Minnesota State Board of Investment" and insert "commissioners of revenue and employment and economic development"

Page 5, line 23, delete "board" and insert "commissioners" and delete "a market" and insert "an"

Page 5, line 28, delete "board" and insert "commissioners"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 602 was re-referred to the Committee on Rules and Legislative Administration.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 629, A bill for an act relating to retirement; former local police and paid fire relief associations; revising and repealing various statutes to reflect the recent mergers of local police and salaried firefighter relief associations and consolidation accounts with the public employees police and fire retirement plan; amending Minnesota Statutes 2012, sections 6.495, subdivisions 1, 3; 6.67; 13D.01, subdivision 1; 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381; 353.01, subdivisions 2a, 2b, 6, 10, 16; 353.64, subdivision 1a; 353.659; 353.665, subdivisions 1, 5, 8; 353.71, subdivision 1; 356.20, subdivision 2; 356.215, subdivision 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.406, subdivision 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4; 424A.02, subdivision 9; 475.52, subdivision 6; repealing Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; 423A.22.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
STATE BOARD OF INVESTMENT PROVISIONS

Section 1. Minnesota Statutes 2012, section 11A.24, subdivision 1, is amended to read:

Subdivision 1. **Securities generally.** (a) The state board is authorized to purchase, sell, lend, and exchange the securities specified in this section, for funds or accounts specifically made subject to this section, including puts and call options ~~and~~ future contracts, and swap contracts that are traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations as specified in this section.

(b) Any agreement to lend securities must be concurrently collateralized with cash or securities with a market value of not less than 100 percent of the market value of the loaned securities at the time of the agreement. Any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. Only securities authorized by this section, excluding those under subdivision 6, paragraph (a), clauses (1) to (3), may be accepted as collateral or offsetting securities.

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

ARTICLE 2
MSRS ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2012, section 3.85, subdivision 10, is amended to read:

Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall adopt standards prescribing specific detailed methods to calculate, evaluate, and display current and proposed law liabilities, costs, and actuarial equivalents of all public employee pension plans in Minnesota. These standards shall be consistent

with chapter 356 and be updated annually. At a minimum, the standards must not shall contain a valuation requirement requirements that is inconsistent comply with generally accepted accounting principles applicable to government pension plans. The standards may include additional financial, funding, or valuation requirements that are not required under generally accepted accounting principles applicable to government pension plans.

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

Sec. 2. Minnesota Statutes 2012, section 3A.011, is amended to read:

3A.011 ADMINISTRATION OF PLAN PLANS.

The executive director and the board of directors of the Minnesota State Retirement System shall administer the ~~legislators retirement plan~~ plans specified in accordance this chapter consistent with this chapter and chapter chapters 356 and 356A.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 3A.03, subdivision 3, is amended to read:

Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special retirement fund, is created within the state treasury ~~and must be credited with assets equal to the participation of the legislators retirement plan in the Minnesota postretirement investment fund as of June 30, 2009, and any investment proceeds on those assets.~~ The legislators retirement fund must be credited with any investment proceeds on the assets of the retirement fund.

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

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 3A.07, is amended to read:

3A.07 APPLICATION.

(a) Except as provided in paragraph (b) ~~and section 3A.17~~, this chapter applies to members of the legislature in service after July 1, 1965, who otherwise meet the requirements of this chapter.

(b) Members of the legislature who were elected for the first time after June 30, 1997, or members of the legislature who were elected before July 1, 1997, and who, after July 1, 1998, elect not to be members of the plan established by this chapter are covered by the unclassified employees retirement program governed by chapter 352D.

(c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable and must be made on a form prescribed by the director. The second chance referendum election under Laws 2002, chapter 392, article 15, also is irrevocable.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 3A.115, is amended to read:

3A.115 RETIREMENT ALLOWANCE APPROPRIATION; POSTRETIREMENT ADJUSTMENT.

(a) The amount necessary to fund the retirement allowance granted under this chapter to a former legislator retiring after June 30, 2003, ~~or to that legislator's survivor, and the retirement allowance granted under section 3A.17 to a former constitutional officer or the survivor of that constitutional officer~~ is appropriated from the general fund to the director to pay pension obligations due to the retiree.

(b) The amount necessary to fund the retirement allowance granted under this chapter to a former legislator retiring before July 1, 2003, must be paid from the legislators retirement fund created under section 3A.03, subdivision 3, until the assets of the fund are exhausted and at that time, the amount necessary to fund the retirement allowances under this paragraph is appropriated from the general fund to the director to pay pension obligations to the retiree and survivor.

(c) Retirement allowances payable to retired legislators and their survivors under this chapter must be adjusted as provided in sections 3A.02, subdivision 6, and 356.415.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 3A.13, is amended to read:

3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM DEDUCTION.

(a) The provisions of section 356.401 apply to the ~~legislators retirement plan~~ plans specified in this chapter.

(b) The executive director of the Minnesota State Retirement System must, at the request of a retired legislator or constitutional officer who is enrolled in a health insurance plan covering state employees, deduct the person's health insurance premiums from the person's annuity and transfer the amount of the premium to a health insurance carrier covering state employees.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 3A.15, is amended to read:

3A.15 ~~COORDINATED PROGRAM~~ PROGRAMS OF THE LEGISLATORS RETIREMENT PLAN.

~~The coordinated program of the legislators retirement plan is created.~~ The provisions of sections 3A.01 to 3A.13 apply to the coordinated ~~program~~ and basic programs of the legislators retirement plan.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 8. **[3A.17] CONSTITUTIONAL OFFICERS.**

Subdivision 1. **Application.** (a) This section specifies the retirement plan applicable to a former constitutional officer who was first elected to a constitutional office after July 1, 1967, and before July 1, 1997. The plan includes the applicable portions of chapters 352C and 356 in effect on the date on which the person terminated active service as a constitutional officer.

(b) Nothing in this section, this act, or Laws 2006, chapter 271, article 10, section 33, subdivision 2, is intended to increase or reduce the benefits of former constitutional officers or their survivors or to adversely modify their eligibility for benefits in effect as of June 30, 2012.

Subd. 2. **Benefit adjustments.** Retirement allowances payable to retired constitutional officers and surviving spouse benefits payable must be adjusted under section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 9. Minnesota Statutes 2012, section 352.01, subdivision 17b, is amended to read:

Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical or psychological," for a correctional employee, means an occupational disability that is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the performance of less frequent duties either of which ~~are~~ present inherent dangers specific to the correctional employee.

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

Sec. 10. Minnesota Statutes 2012, section 352.03, subdivision 8, is amended to read:

Subd. 8. **Medical adviser.** ~~The state commissioner of health or other executive director may contract with an accredited independent organization specializing in disability determinations, licensed physician physicians, or physicians on the staff of the commissioner of health as designated by the commissioner may designate shall, to be the medical adviser of to the director system.~~

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

Sec. 11. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision to read:

Subd. 3a. **Contribution rate revision; general state employees retirement plan.** (a) Notwithstanding the contribution rates stated in plan law, the employee and employer contribution rates for the general state employees retirement plan must be adjusted:

(1) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates must be decreased as determined under paragraph (b) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.

(b) If the actuarially required contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this paragraph has been fully implemented.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the employee and employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:

(1) less than two percent, the incremental increase may be up to 0.25 percent each for the employee and employer contribution rates;

(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent each for the employee and employer contribution rates; or

(3) greater than four percent, the incremental increase may be up to 0.75 percent each for the employee and employer contribution.

(d) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

(e) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions.

(f) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(g) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

Sec. 12. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision to read:

Subd. 3b. Contribution rate revision; correctional state employees retirement plan and State Patrol retirement plan. (a) Subdivision 3a applies to the correctional state employees retirement plan under this chapter and to the State Patrol retirement plan established under chapter 352B, except as stated in this subdivision.

(b) Any limitations on the amount of contribution rate changes stated in subdivision 3a apply only to the amount of the employee contribution revision. The employer contribution for the correctional state employees retirement plan or the State Patrol retirement plan, whichever is applicable, must be adjusted so that the employer contribution is equal to 60 percent of the sum of employee plus employer contributions.

(c) For the State Patrol retirement plan, a contribution sufficiency of up to two percent of covered payroll, rather than one percent, may be held in reserves without taking action to reduce employee and employer contributions.

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

Sec. 13. Minnesota Statutes 2012, section 352.113, subdivision 4, is amended to read:

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

(b) An applicant shall provide ~~medical, chiropractic, or psychological~~ a detailed report signed by a physician, and at least one additional report signed by a physician, chiropractor, psychologist, or physician assistant with evidence to support an application for total and permanent disability.

~~(b) The director shall have the employee examined by at least one additional licensed chiropractor, physician, or psychologist designated by the medical adviser. The chiropractors, physicians, or psychologists shall make written reports to the director concerning the employee's disability including~~ must include an expert opinion as to opinion regarding whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17, and that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service.

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

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

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

~~(d)~~ (f) The medical adviser shall consider the reports of the physicians, physician assistants, psychologists, and chiropractors and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the disability occurred within 18 months of filing the application, while still in the employment of the state, and the propriety of authorizing payment of a disability benefit as provided in this section.

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

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

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

Sec. 14. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision to read:

Subd. 4a. **Independent medical examination or vocational rehabilitation counseling.** Any individual applying for or receiving disability benefits shall submit to an independent medical examination or an assessment by a certified rehabilitation counselor if requested by the executive director or designee. The examination must be paid for by the system.

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

Sec. 15. Minnesota Statutes 2012, section 352.113, subdivision 6, is amended to read:

Subd. 6. **Regular medical or psychological examinations.** At least once each year during the first five years following the allowance of a disability benefit to any employee, and at least once in every three-year period thereafter, the director may require any disabled employee to ~~undergo a~~ provide medical, chiropractic, or psychological ~~examination~~ evidence to support the continuation of the total and permanent disability. ~~The examination must be made at the place of residence of the employee, or at any place mutually agreed upon,~~ evidence must be in a form and manner prescribed by the executive director for review by an expert or experts designated by the medical adviser and engaged by the director. ~~If any examination indicates~~ the medical information provided to the medical adviser indicates that the employee is no longer permanently and totally disabled, or is engaged in or can engage in a gainful occupation, payments of the disability benefit by the fund must be discontinued. The payments must be discontinued as soon as the employee is reinstated to the payroll following a sick leave of absence, but in no case may payment be made for more than 60 days after the medical adviser finds that the employee is no longer permanently and totally disabled.

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

Sec. 16. Minnesota Statutes 2012, section 352.113, subdivision 8, is amended to read:

Subd. 8. **Refusal of examination.** ~~If a disabled employee~~ person applying for a disability benefit refuses to submit to ~~an expert a~~ medical or psychological examination, the disability application shall be rejected. If a disability benefit recipient refuses to submit to a medical or psychological examination as required, payments by the fund must be discontinued and the director shall revoke all rights of the employee in any disability benefit.

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

Sec. 17. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision to read:

Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. If the form is not submitted by June 15, benefits must be suspended effective July 1. If the form deemed acceptable by the executive director is received after the June 15 deadline, benefits shall be reinstated retroactive to July 1.

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

Sec. 18. Minnesota Statutes 2012, section 352.22, subdivision 3, is amended to read:

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

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

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

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

(e) Deferred annuities must be augmented as provided in section 352.72, subdivision 2.

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

Sec. 19. Minnesota Statutes 2012, section 352.955, subdivision 1, is amended to read:

Subdivision 1. **Election to transfer prior MSRS-general service credit.** (a) An eligible employee described in paragraph (b) may elect to transfer service credit in the general state employees retirement plan of the Minnesota State Retirement System to the correctional state employees retirement plan for eligible prior correctional employment.

(b) An eligible employee is a person who is covered by ~~Laws 2007, chapter 134, article 3, section 6, or who became eligible for retirement coverage by the correctional state employees retirement plan of the Minnesota State Retirement System under Laws 2006, chapter 271, article 2, Laws 2007, chapter 134, article 3, or legislation implementing the recommendations under section 352.91, subdivision 4a.~~

(c) Eligible prior correctional employment is employment covered correctional service defined in Laws 2007, chapter 134, article 3, section 6, or is employment by the Department of Corrections or by the Department of Human Services that preceded the effective date of the retirement coverage transfer under Laws 2006, chapter 271, article 2, Laws 2007, chapter 134, article 3, or legislation implementing the recommendations under section 352.91, subdivision 4a by the general state employees retirement plan of the Minnesota State Retirement System, is continuous service, and is certified by the commissioner of corrections and the commissioner of human services, whichever applies, and by the commissioner of management and budget to the executive director of the Minnesota State Retirement System as service that would qualify for correctional state employees retirement plan coverage under section 352.91, if the service ~~was~~ had been rendered after the date of coverage transfer.

(d) The election to transfer past service credit under this section must be made in writing by the applicable person on a form prescribed by the executive director of the Minnesota State Retirement System and must be filed with the executive director of the Minnesota State Retirement System on or before ~~(1) January 1, 2008, or the one year anniversary of the coverage transfer, whichever is later, or (2) the date of the eligible employee's termination of state employment, whichever is earlier.~~

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

Sec. 20. Minnesota Statutes 2012, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions; ~~post-June 30, 2007, coverage transfers.~~** (a) An eligible employee who is transferred to plan coverage ~~after June 30, 2007,~~ and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

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

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

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

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

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

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

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

Sec. 21. Minnesota Statutes 2012, section 352B.011, subdivision 13, is amended to read:

Subd. 13. **Surviving spouse.** "Surviving spouse" means a member's or former member's legally married spouse ~~who resided with the member or former member at the time of death and was married to the member or former member, for a period of at least one year, during or before the time of membership.~~

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

Sec. 22. Minnesota Statutes 2012, section 352B.10, is amended by adding a subdivision to read:

Subd. 7. **Disabilitant earnings reports.** Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. If the form is not submitted by June 15, benefits must be suspended effective July 1. If the form deemed acceptable by the executive director is received after the June 15 deadline, benefits shall be reinstated retroactive to July 1.

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

Sec. 23. Minnesota Statutes 2012, section 352D.04, subdivision 2, is amended to read:

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

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

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

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

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

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

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

Sec. 24. Minnesota Statutes 2012, section 356.20, subdivision 4, is amended to read:

Subd. 4. **Contents of financial report.** (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited.

(b) The report must include, ~~as part of its exhibits or its footnotes, an actuarial disclosure item based on a statement that~~ the actuarial valuation calculations prepared by the actuary retained under section 356.214 or by the actuary retained by the retirement fund or plan, whichever applies, ~~according to~~ comply with applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. The actuarial value of assets, the actuarial accrued liabilities, ~~including accrued reserves,~~ and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The ~~disclosure item report~~ must contain a ~~declaration~~ certification by the actuary retained under section 356.214 or the actuary retained by the fund or plan, whichever applies, specifying that ~~the required reserves for any retirement, disability, or survivor normal cost and the actuarial accrued liabilities for all benefits provided under a benefit formula~~ are computed in accordance with the entry age actuarial cost method and in accordance with the most recent applicable standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(c) The report must contain an itemized exhibit describing the administrative expenses of the plan, including, but not limited to, the following items, classified on a consistent basis from year to year, and with any further meaningful detail:

- (1) personnel expenses;
- (2) communication-related expenses;
- (3) office building and maintenance expenses;
- (4) professional services fees; and
- (5) other expenses.

(d) The report must contain an itemized exhibit describing the investment expenses of the plan, including, but not limited to, the following items, classified on a consistent basis from year to year, and with any further meaningful detail:

- (1) internal investment-related expenses; and
- (2) external investment-related expenses.

(e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the plan to portray a true interpretation of the plan's financial condition must be included in the additional statements or exhibits.

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

Sec. 25. Minnesota Statutes 2012, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Actuary retention.** (a) The governing board or managing or administrative official of each public pension plan and retirement fund or plan enumerated in paragraph (b) shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services. The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) Actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- (6) the general employees retirement plan, Public Employees Retirement Association, including the MERF division;

- (7) the public employees police and fire plan, Public Employees Retirement Association;
- (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;
- (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;
- (10) the legislators retirement plan, Minnesota State Retirement System; and
- ~~(11) the elective state officers retirement plan, Minnesota State Retirement System; and~~
- ~~(12)~~ (11) the local government correctional service retirement plan, Public Employees Retirement Association.

(c) The actuarial valuation for the legislators retirement plan must include a separate calculation of total plan actuarial accrued liabilities due to constitutional officer coverage under section 3A.17.

~~(d)~~ (d) The contracts must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) the rate of return on investments based on the current asset value;
- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

~~(e)~~ (e) The actuary shall annually prepare a report to the governing or managing board or administrative official and the legislature, summarizing the results of the actuarial valuation calculations. The actuary shall include with the report any recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

~~(f)~~ (f) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, the governing or managing board or administrative official shall direct the actuary to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), (10), (11), or (12), in the manner provided for in the standards for actuarial work adopted by the commission.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 26. Minnesota Statutes 2012, 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 terms in the following paragraphs has the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by an actuary retained under section 356.214 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.

(c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who is a fellow in the Society of Actuaries.

(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 the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the 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.

(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.

(f) "Actuarial value of assets" means:

~~(1) For the July 1, 2012, actuarial valuation, the market value of all assets as of June 30, 2012, reduced by:~~

~~(i) 20 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2008;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of total assets between June 30, 2010, and June 30, 2009, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2009;~~

~~(iii) 60 percent of the difference between the actual net change in the market value of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2010;~~

~~(iv) 80 percent of the difference between the actual net change in the market value of total assets between June 30, 2012, and June 30, 2011, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2011; and~~

~~(v) if applicable, 20 percent of the difference between the actual net change in the market value of the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets over that fiscal year period if the assets had increased at 8.5 percent annually.~~

~~(2) For the July 1, 2013, and following actuarial valuations, the market value of all assets as of the preceding June 30, reduced by:~~

~~(i) (1) 20 percent of the difference between the actual net change in the market value of total 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 total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;~~

~~(ii) (2) 40 percent of the difference between the actual net change in the market value of total 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 total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;~~

~~(iii) (3) 60 percent of the difference between the actual net change in the market value of total 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 total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and~~

~~(iv) (4) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.~~

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

(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.

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

Sec. 27. Minnesota Statutes 2012, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

(1) select and ultimate interest rate assumption

plan	ultimate preretirement interest rate assumption	ultimate postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0

<u>legislators retirement plan, and for the constitutional officers calculation of total plan liabilities</u>	0.0	2.0 until June 30, 2040, and 2.5 after June 30, 2040 <u>0.0</u>
elective state officers retirement plan	0.0	2.0 until June 30, 2040, and 2.5 after June 30, 2040
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5

Except for the legislators retirement plan and the ~~elective state constitutional officers retirement plan calculation of total plan liabilities~~, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the ~~elective state constitutional officers retirement plan calculation of total plan liabilities~~, the select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth teachers retirement plan and the St. Paul teachers retirement plan, each with a select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, of 8.0 percent.

(2) single rate preretirement and postretirement interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6.0
local monthly benefit volunteer firefighters relief associations	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified 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%
judges retirement plan	3.0
Bloomington Fire Department Relief Association	4.0

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

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

For plans other than the Duluth teachers retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer

minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for all retirement plans covered by this clause. The designated percentage rate is 0.3 percent for the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C
16	8.00%	6.90%	9.00%
17	8.00	6.90	9.00
18	8.00	6.90	9.00
19	8.00	6.90	9.00
20	6.90	6.90	9.00
21	6.90	6.90	8.75
22	6.90	6.90	8.50
23	6.85	6.85	8.25
24	6.80	6.80	8.00
25	6.75	6.75	7.75
26	6.70	6.70	7.50
27	6.65	6.65	7.25
28	6.60	6.60	7.00
29	6.55	6.55	6.75
30	6.50	6.50	6.75
31	6.45	6.45	6.50
32	6.40	6.40	6.50
33	6.35	6.35	6.50
34	6.30	6.30	6.25
35	6.25	6.25	6.25
36	6.20	6.20	6.00
37	6.15	6.15	6.00
38	6.10	6.10	6.00
39	6.05	6.05	5.75
40	6.00	6.00	5.75
41	5.90	5.95	5.75
42	5.80	5.90	5.50
43	5.70	5.85	5.25
44	5.60	5.80	5.25
45	5.50	5.75	5.00
46	5.40	5.70	5.00
47	5.30	5.65	5.00
48	5.20	5.60	5.00
49	5.10	5.55	5.00
50	5.00	5.50	5.00
51	4.90	5.45	5.00
52	4.80	5.40	5.00

53	4.70	5.35	5.00
54	4.60	5.30	5.00
55	4.50	5.25	4.75
56	4.40	5.20	4.75
57	4.30	5.15	4.50
58	4.20	5.10	4.25
59	4.10	5.05	4.25
60	4.00	5.00	4.25
61	3.90	5.00	4.25
62	3.80	5.00	4.25
63	3.70	5.00	4.25
64	3.60	5.00	4.25
65	3.50	5.00	4.00
66	3.50	5.00	4.00
67	3.50	5.00	4.00
68	3.50	5.00	4.00
69	3.50	5.00	4.00
70	3.50	5.00	4.00

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
2	8.10	8.90	9.00	11.00	7.50	5.85
3	6.90	7.46	8.00	9.00	7.00	5.70
4	6.20	6.58	7.50	8.00	6.75	5.55
5	5.70	5.97	7.25	6.50	6.50	5.40
6	5.30	5.52	7.00	6.10	6.25	5.25
7	5.00	5.16	6.85	5.80	6.00	5.10
8	4.70	4.87	6.70	5.60	5.85	4.95
9	4.50	4.63	6.55	5.40	5.70	4.80
10	4.40	4.42	6.40	5.30	5.55	4.65
11	4.20	4.24	6.25	5.20	5.40	4.55
12	4.10	4.08	6.00	5.10	5.25	4.45
13	4.00	3.94	5.75	5.00	5.10	4.35
14	3.80	3.82	5.50	4.90	4.95	4.25
15	3.70	3.70	5.25	4.80	4.80	4.15
16	3.60	3.60	5.00	4.80	4.65	4.05
17	3.50	3.51	4.75	4.80	4.50	3.95
18	3.50	3.50	4.50	4.80	4.35	3.85
19	3.50	3.50	4.25	4.80	4.20	3.75
20	3.50	3.50	4.00	4.80	4.05	3.75

21	3.50	3.50	3.90	4.70	4.00	3.75
22	3.50	3.50	3.80	4.60	4.00	3.75
23	3.50	3.50	3.70	4.50	4.00	3.75
24	3.50	3.50	3.60	4.50	4.00	3.75
25	3.50	3.50	3.50	4.50	4.00	3.75
26	3.50	3.50	3.50	4.50	4.00	3.75
27	3.50	3.50	3.50	4.50	4.00	3.75
28	3.50	3.50	3.50	4.50	4.00	3.75
29	3.50	3.50	3.50	4.50	4.00	3.75
30 or more	3.50	3.50	3.50	4.50	4.00	3.75

(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 of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	3.75
State Patrol retirement plan	3.75
judges retirement plan	3.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	3.75
teachers retirement plan	3.75
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

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

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

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

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

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 28. Minnesota Statutes 2012, section 356.30, subdivision 3, is amended to read:

Subd. 3. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

- (3) the unclassified employees retirement program, established under chapter 352D;
- (4) the State Patrol retirement plan, established under chapter 352B;
- (5) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;
- ~~(6) the elective state officers retirement plan, established under chapter 352C;~~
- ~~(7)~~ (6) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;
- ~~(8)~~ (7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;
- ~~(9)~~ (8) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;
- ~~(10)~~ (9) the Teachers Retirement Association, established under chapter 354;
- ~~(11)~~ (10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;
- ~~(12)~~ (11) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and
- ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 29. Minnesota Statutes 2012, section 356.401, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;
- (2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (4) the State Patrol retirement plan, established by chapter 352B;
- ~~(5) the elective state officers retirement plan, established by chapter 352C;~~
- ~~(6)~~ (5) the unclassified state employees retirement program, established by chapter 352D;
- ~~(7)~~ (6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;

(8) (7) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(9) (8) the public employees defined contribution plan, established by chapter 353D;

(10) (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(11) (10) the voluntary statewide lump-sum volunteer firefighter retirement plan, established by chapter 353G;

(12) (11) the Teachers Retirement Association, established by chapter 354;

(13) (12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

(14) (13) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(15) (14) the individual retirement account plan, established by chapter 354B;

(16) (15) the higher education supplemental retirement plan, established by chapter 354C; and

(17) (16) the judges retirement fund, established by chapter 490.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 30. Minnesota Statutes 2012, section 356.415, subdivision 1a, is amended to read:

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

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) The increases provided by this subdivision (b) commence on January 1, 2011. Increases under this subdivision for the general state employees retirement plan, the correctional state employees retirement plan, or the judges retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators retirement plan or the elected state officers retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the

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

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

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 31. Minnesota Statutes 2012, section 356.415, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan established under chapter 3A, including constitutional officers as specified in that chapter;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(4) the State Patrol retirement plan established under chapter 352B;

~~(5) the elective state officers retirement plan established under chapter 352C;~~

~~(6) (5) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, including the MERF division of the Public Employees Retirement Association;~~

~~(7) (6) the public employees police and fire retirement plan of the Public Employees Retirement Association established under chapter 353;~~

~~(8) (7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;~~

~~(9) (8) the teachers retirement plan established under chapter 354; and~~

~~(10) (9) the judges retirement plan established under chapter 490.~~

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 32. **APPLICATION AND INTENT.**

This article merges the remaining provisions of the elective state officers retirement plan into the legislators retirement plan chapter to achieve administrative savings, including reduced cost for actuarial calculations. Nothing in this article should be interpreted as modifying benefits or benefit eligibility compared to law in effect immediately before the effective date of this section.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 33. **REPEALER.**

(a) Minnesota Statutes 2012, sections 3A.02, subdivision 3; 352C.001; 352C.091, subdivision 1; and 352C.10, are repealed.

(b) Minnesota Statutes 2012, section 352.955, subdivision 2, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2013. Paragraph (b) is effective the day following final enactment.

ARTICLE 3
PERA ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

- (1) persons whose salary from one governmental subdivision never exceeds \$425 in a month;
- (2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;
- (3) election officers or election judges;
- (4) patient and inmate personnel who perform services for a governmental subdivision;
- (5) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;
- (6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;
- (7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

(11) students who are serving for up to five years in an internship or residency program sponsored by a governmental subdivision, including an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit, or an H-1b visa initially issued or extended for a combined period less than three years of employment. Upon extension of the employment beyond the three-year period, the foreign citizens must be reported for membership beginning the first of the month thereafter provided the monthly earnings threshold as provided under subdivision 2a is met;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(18) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(21) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(22) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration up to ~~three~~ five years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(23) independent contractors and the employees of independent contractors;

(24) reemployed annuitants of the association during the course of that reemployment; and

(25) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

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

Sec. 2. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

(4) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

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

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

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

using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) 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 under chapter 353A or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "allowable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

(e) MS 2002 [Expired]

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

Sec. 3. Minnesota Statutes 2012, section 353.01, subdivision 17a, is amended to read:

Subd. 17a. **Average salary.** (a) "Average salary," ~~for purposes of calculating a retirement annuity under section 353.29, subdivision 3 unless otherwise specified,~~ means an amount equivalent to the average of the highest salary of the member, police officer, or firefighter, whichever applies, upon which employee contributions were paid for any five successive years of allowable service, based on dates of salary periods as listed on salary deduction reports. Average salary must be based upon all allowable service if this service is less than five years.

(b) "Average salary" may not include any reduced salary paid during a period in which the employee is entitled to benefit payments from workers' compensation for temporary disability, unless the average salary is higher, including this period.

(c) "Average salary," for purposes of calculating benefits for a surviving spouse or dependent children under section 353.657, subdivision 2 or 3, means the average of the full-time monthly base salary rate in effect during the last six months of allowable service. If the employment during the last six months of allowable service was part-time, the average salary must be prorated based on the actual number of hours worked.

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

Sec. 4. Minnesota Statutes 2012, section 353.01, subdivision 29, is amended to read:

Subd. 29. **Designated beneficiary.** "Designated beneficiary" means the person ~~or~~ organization, trust, or estate designated by a member, former member, ~~disabiltant, or retired member in writing, signed and filed with the association before the death of the member, former member, disabiltant, or retired member,~~ or a person legally authorized to act on behalf of the member or former member to receive a refund of the balance of the member's or former member's accumulated deductions after death. A beneficiary designation is valid if it is made in the form prescribed by the executive director and is received by the association on or before the date of death of the member or former member. If a beneficiary designation is deemed to be invalid for any reason, any remaining balance of the member's or former member's accumulated deductions are subject to the provisions of section 353.32, subdivisions 4 and 5.

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

Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 7, is amended to read:

Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan for a person who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may continue membership in the association while employed in the same position for which erroneous deductions were taken, or file a written election to terminate membership and apply for a refund upon termination of public service or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid service is forfeited and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

(c) Adjustments to correct employer contributions and employee deductions taken in error from amounts which are not salary under section 353.01, subdivision 10, must be made as specified in paragraph (e). The period of adjustment must be limited to the fiscal year in which the error is discovered by the association and the immediate two preceding fiscal years.

(d) If there is evidence of fraud or other misconduct on the part of the employee or the employer, the board of trustees may authorize adjustments to the account of a member or former member to correct erroneous employee deductions and employer contributions on invalid salary and the recovery of any overpayments for a period longer than provided for under paragraph (c).

(e) Upon discovery of the receipt of erroneous employee deductions and employer contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made;

(2) for a former member who:

(i) is not receiving a retirement annuity or benefit, return the erroneous employee deductions to the former member through a refund with interest at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; or

(ii) is receiving a retirement annuity or disability benefit, or a person who is receiving an optional annuity or survivor benefit, for whom it has been determined an overpayment must be recovered, adjust the payment amount and recover the overpayments as provided under this section; and

(3) return the invalid employer contributions reported on behalf of a member or former member to the employer by providing a credit against future contributions payable by the employer.

(f) In the event that a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, a refund of the sum deducted, or any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) ~~If the accrual date of any association discovers that a retirement annuity, survivor benefit, or disability benefit is within the limitation period specified in paragraph (c), and an overpayment has resulted~~ has been incorrectly calculated by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and ~~recover any~~ begin payment of the corrected annuity or benefit effective the first of the month following discovery of the error. Any overpayment resulting from the incorrect calculation must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated after the accrual date, except adjustments required under section 353.656, subdivision 4, falls within the current fiscal year and the two immediate previous fiscal years.

(h) Notwithstanding the provisions of this subdivision, the association may apply the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans Compliance Resolution System and not issue a refund of erroneous employee deductions and employer contributions or not recover a small overpayment of benefits if the cost to correct the error would exceed the amount of the member refund or overpayment.

(i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure by an employer to follow the statutory requirements for reporting eligible members and salary must be paid by the employer.

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

Sec. 6. Minnesota Statutes 2012, section 353.34, subdivision 1, is amended to read:

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. Application for a refund may not be made before the date of termination of public service. ~~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 placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, the MERF division, the Public Employees Retirement Association police and fire retirement plan, or the public employees local government correctional service retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus annual compound interest from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

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

Sec. 7. Minnesota Statutes 2012, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a public employee is entitled to receive a refund in an amount equal to accumulated deductions with annual compound interest to the first day of the month in which the refund is processed.

(b) For a person who ceases to be a public employee before July 1, 2011, the refund interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the refund interest is at the rate of four percent.

(c) If a person repays a refund and subsequently applies for another refund, the repayment amount, including interest, is added to the fiscal year balance in which the repayment was made.

(d) If the refund payable to a member is based on employee deductions that are determined to be invalid under section 353.27, subdivision 7, the interest payable on the invalid employee deductions is four percent.

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

Sec. 8. Minnesota Statutes 2012, section 353.50, subdivision 3, is amended to read:

Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service credit and salary credit of the members of the Minneapolis Employees Retirement Fund as specified in the records of the Minneapolis Employees Retirement Fund through June 30, 2010, are transferred to the MERF division of the Public Employees Retirement Association and are credited by the MERF division. ~~Annuities or benefits of persons who are active members of the former Minneapolis Employees Retirement Fund on June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic postretirement adjustments after December 31, 2010, under section 356.415.~~

(b) The liability for the payment of annuities and benefits of the Minneapolis Employees Retirement Fund retirees and benefit recipients as specified in the records of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the MERF division of the Public Employees Retirement Association on June 30, 2010.

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

Sec. 9. Minnesota Statutes 2012, section 353.50, subdivision 6, is amended to read:

Subd. 6. **Benefits.** (a) **Retired, disabled, deferred, and inactive member benefits.** The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive Minneapolis Employees Retirement Fund members with that status as of June 30, 2010, ~~with the exception of post-December 31, 2010, postretirement adjustments, which are governed by paragraph (b),~~ as calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force ~~after the administrative consolidation under Laws 2010, chapter 359, article 11.~~

(b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who were active members of the former Minneapolis Employees Retirement Fund on June 30, 2010, upon satisfying eligibility requirements stated in the applicable sections of Minnesota Statutes 2008 specified in paragraph (a), are entitled to annuities or benefits specified in those sections. Eligibility for a formula retirement annuity includes the requirement in Minnesota Statutes 2008, sections 422A.13 and 422A.16, that the terminating member has attained retirement age, which is age 60 if the person has at least ten years of service credit, or any age if the person has 30 or more years of service credit.

~~(b)~~ (c) **Postretirement adjustments.** After December 31, 2010, annuities and benefits from the MERF division are eligible for annual automatic postretirement adjustments solely under section 356.415.

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

Sec. 10. Minnesota Statutes 2012, section 353.657, subdivision 2, is amended to read:

Subd. 2. **Benefit amount.** (a) The spouse of a deceased member is entitled to receive a monthly benefit for life equal to the following percentage of the member's average ~~full-time monthly salary rate, as defined in section 353.01, subdivision 17a, paragraph (c),~~ as a member of the police and fire plan ~~in effect over the last six months of allowable service preceding the month in which death occurred:~~

(1) if the death was a line of duty death, 60 percent of the ~~stated~~ average salary is payable; and

(2) if the death was not a line of duty death or if death occurred while receiving disability benefits that accrued before July 1, 2007, 50 percent of the ~~stated~~ average salary is payable.

(b) ~~If the member was a part-time employee in the position for which the employee qualified for participation in the police and fire plan, the monthly survivor benefit is based on the salary rate in effect for that member's part-time service during the last six months of allowable service. If the member's status changed from full-time to part-time for due to health reasons during the last year 12 months of employment, notwithstanding the definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the monthly survivor benefit is~~ must be based on the full-time salary rate of the position held as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

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

Sec. 11. Minnesota Statutes 2012, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, ~~subdivisions 2 and~~ subdivision 3, and 353.30, subdivision 3.

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

(f) Any member may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

(g) 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.

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

Sec. 12. Minnesota Statutes 2012, section 353.657, subdivision 3, is amended to read:

Subd. 3. **Dependent children.** (a) A dependent child, as defined in section 353.01, subdivision 15, is entitled to receive a monthly benefit equal to ten percent of the member's average ~~full-time monthly salary rate, as defined in section 353.01, subdivision 17a, paragraph (c), as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which death occurred.~~

(b) If the member's status changed from full-time to part-time due to health reasons during the last 12 months of employment, notwithstanding the definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the monthly dependent child benefit must be based on the full-time salary rate of the position held as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

(c) Payments for the benefit of a dependent child must be made to the surviving parent, or to the legal guardian of the child or to any adult person with whom the child may at the time be living, provided only that the parent or other person to whom any amount is to be paid advises the board in writing that the amount will be held or used in trust for the benefit of the child.

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

Sec. 13. Minnesota Statutes 2012, section 353F.02, subdivision 3, is amended to read:

Subd. 3. **Effective date of privatization.** "Effective date of privatization" means the date that the operation of ~~the a~~ a medical facility or other public employing unit is assumed by another employer or the date that ~~the a~~ a medical facility or other public employing unit is purchased by another employer and active membership in the Public Employees Retirement Association consequently terminates.

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

Sec. 14. Minnesota Statutes 2012, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) Cedarview Care Center in Steele County;
- (3) the City of Cannon Falls Hospital;
- (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- (5) Cornerstone Nursing and Rehabilitation Center in Clearwater County ~~Memorial Hospital doing business as Clearwater Health Services in Bagley;~~
- (6) the Dassel Lakeside Community Home;
- (7) the Douglas County Hospital, with respect to the Mental Health Unit;
- (8) the Fair Oaks Lodge, Wadena;
- (9) the Glencoe Area Health Center;
- (10) Hutchinson Area Health Care;
- (11) Lake County Sunrise Home;
- (~~11~~) (12) the Lakefield Nursing Home;
- (~~12~~) (13) the Lakeview Nursing Home in Gaylord;
- (~~13~~) (14) the Luverne Public Hospital;
- (~~14~~) (15) the Oakland Park Nursing Home;

~~(15)~~ (16) the RenVilla Nursing Home;

~~(16)~~ (17) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;

~~(17)~~ (18) the St. Peter Community Health Care Center;

~~(18)~~ (19) the Traverse Care Center in Traverse County;

~~(19)~~ (20) the Waconia-Ridgeview Medical Center;

~~(20)~~ (21) the Weiner Memorial Medical Center, Inc.;

~~(21)~~ (22) the Wheaton Community Hospital; and

~~(22)~~ (23) the Worthington Regional Hospital.

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

Sec. 15. Minnesota Statutes 2012, section 353F.02, is amended by adding a subdivision to read:

Subd. 4a. **Privatized former public employer.** "Privatized former public employer" means a medical facility or other employing unit formerly included in the definition of governmental subdivision under section 353.01, subdivision 6, that is privatized and whose employees are certified for participation under this chapter.

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

Sec. 16. Minnesota Statutes 2012, section 353F.02, subdivision 6, is amended to read:

Subd. 6. ~~Terminated medical facility or other~~ **Privatized former public employing unit employee.** ~~"Terminated medical facility or other (a) "Privatized former public employing unit employee" means a person who:~~

(1) was employed by the privatized former public employer on the day before the effective date ~~by the medical facility or other public employing unit of privatization;~~ or

(2) terminated employment with the ~~medical facility or other~~ privatized former public employing unit employer on the day before the effective date; and

(3) was a participant in the general employees retirement plan of the Public Employees Retirement Association at the time of termination of employment with the ~~medical facility or other~~ privatized former public employing unit employer.

(b) Privatized former public employee does not mean a person who, on the day before the effective date of privatization, was simultaneously employed with the privatized former public employer and by a governmental subdivision under section 353.01, subdivision 6, and who, after the effective date of privatization, continues to accrue service credit under section 353.01, subdivision 16, through simultaneous employment with a governmental subdivision.

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

Sec. 17. Minnesota Statutes 2012, section 353F.025, subdivision 1, is amended to read:

Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a governmental subdivision may submit a resolution from the governing body to the executive director of the Public Employees Retirement Association which supports providing coverage under this chapter for employees of that governmental subdivision who are privatized, and which states that the governing body will pay for actuarial calculations, as further specified in paragraph (c).

(b) The governing body must also provide a copy of any applicable purchase or lease agreement and any other information requested by the executive director to allow the executive director to verify that under the proposed employer change, the new employer does not qualify as a governmental subdivision under section 353.01, subdivision 6, making the employees ineligible for continued coverage as active members of the general employees retirement plan of the Public Employees Retirement Association.

(c) Following receipt of a resolution and a determination by the executive director that the new employer is not a governmental subdivision, the executive director shall direct the consulting actuary retained under section 356.214 to determine whether the general employees retirement plan of the Public Employees Retirement Association, if coverage under this chapter is provided, is expected to receive a net gain or a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss is expected if the actuarial accrued liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date, ~~as defined in section 353F.02, subdivision 3 of privatization.~~

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

Sec. 18. Minnesota Statutes 2012, section 353F.025, subdivision 2, is amended to read:

Subd. 2. **Recommendation to legislature Reporting privatizations.** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate ~~that privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected due to the privatization, or if paragraph (e)~~ (b) applies, the executive director shall, following acceptance of the actuarial calculations by the board of trustees, forward ~~a recommendation notice and supporting documentation, including a copy of the actuary's report and findings, to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement and the chairs and the ranking minority members of the committees with jurisdiction over governmental operations in the house of representatives and senate. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session. The recommendation may be included as part of public pension administrative legislation under section 356B.05.~~

~~(b) If a medical facility or other public employing unit listed under section 353F.02, subdivision 4 or 5, fails to privatize within one year of the final enactment date of the legislation adding the entity to the applicable definition, its inclusion under this chapter is voided, and the executive director shall include in the subsequent proposed legislation under paragraph (a) a recommendation that the applicable entity be stricken from the definition.~~

~~(e)~~ (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall forward ~~a recommendation~~ recommend to the board of trustees that the privatization be ~~included as an addition under paragraph (a)~~ approved if the chief clerical officer of the applicable governmental subdivision submits a

resolution from the governing body specifying that a lump sum payment will be made to the ~~executive director~~ Public Employees Retirement Association equal to the net loss, plus interest. The interest must be computed using the applicable ultimate preretirement interest rate assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from which the actuarial accrued liability data was used to determine the net loss in the actuarial study under subdivision 1, to the date of payment, with annual compounding. Payment must be made on or after the effective date ~~defined under section 353F.02~~ of privatization.

(c) The Public Employees Retirement Association must maintain a list that includes the names of all privatized former public employers in the association's comprehensive annual financial report and on the association's Web site. Annually by March 1, the association must submit to the executive director of the Legislative Commission on Pensions and Retirement the names of any privatized former public employers approved since the publication of the previous fiscal year's comprehensive annual financial report.

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

Sec. 19. Minnesota Statutes 2012, section 353F.03, is amended to read:

353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.

Notwithstanding any provision of chapter 353 to the contrary, a ~~terminated medical facility or other privatized former public employing unit~~ employee is eligible to receive a retirement annuity under section 353.29 of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, without regard to the requirement specified in section 353.01, subdivision 47.

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

Sec. 20. Minnesota Statutes 2012, section 353F.04, is amended to read:

353F.04 AUGMENTATION INTEREST RATES FOR TERMINATED MEDICAL OR OTHER PRIVATIZED FORMER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a ~~terminated medical facility or other privatized former public employing unit~~ employee is subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of augmentation is as specified in this subdivision.

(b) This paragraph applies if the ~~legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, effective date of privatization was enacted before July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area Health Care on or before January 1, 2007, for all other medical facilities and all other employing units and also applies to Hutchinson Area Health Care with a privatization effective date of January 1, 2008.~~ For a ~~terminated medical facility or other privatized former public employing unit~~ employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, and if the effective date of the privatization is before January 1, 2011, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.

(d) If the effective date of the privatization is after December 31, 2010, the applicable augmentation rate depends on the result of computations specified in section 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of the general employees retirement plan of the Public Employees Retirement Association, the

augmentation rate is 2.0 percent compounded annually until the effective date of retirement. If the computations under that subdivision indicate a net loss to the fund if a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is used, then the augmentation rate is 1.0 percent compounded annually until the effective date of retirement.

(e) ~~The term "effective date of the privatization" as used in this subdivision means the "effective date" as defined in section 353F.02, subdivision 3.~~

Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do not apply ~~if the terminated medical facility or other~~ to a privatized former public employing unit employee:

(1) beginning the first of the month in which the privatized former public employee becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if the employee continues to be covered and accrues at least six months of credited service; ~~or~~

(2) beginning the first of the month after a privatized former public employee terminates service with the successor entity; or

~~(2) (3) if the person~~ begins receipt of a retirement annuity while employed by the employer which assumed operations of ~~or purchased the medical facility or other~~ privatized former public employing unit or purchased the medical facility or other public employing unit employer.

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

Sec. 21. Minnesota Statutes 2012, section 353F.05, is amended to read:

353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR EARLY RETIREMENT PURPOSES.

(a) For the purpose of determining eligibility for early retirement benefits provided under section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, and notwithstanding any provision of chapter 353, to the contrary, the years of allowable service for a ~~terminated medical facility or other~~ privatized former public employing unit employee who transfers employment on the effective date of privatization and does not apply for a refund of contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, or any similar provision, includes service with the successor employer to the ~~medical facility or other~~ privatized former public employing unit employer following the effective date. The successor employer shall provide any reports that the executive director of the Public Employees Retirement Association may reasonably request to permit calculation of benefits.

(b) To be eligible for early retirement benefits under this section, the individual must separate from service with the successor to the privatized former public employer ~~to the medical facility~~. The ~~terminated eligible individual~~ privatized former public employee, or an individual authorized to act on behalf of that individual employee, may apply for an annuity following application procedures under section 353.29, subdivision 4.

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

Sec. 22. Minnesota Statutes 2012, section 353F.051, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** A ~~terminated medical facility or other~~ privatized former public employing unit employee who is totally and permanently disabled under Minnesota Statutes 1998, section 353.01, subdivision 19, and who had a medically documented preexisting condition of the disability before the termination of coverage, may apply for a disability benefit.

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

Sec. 23. Minnesota Statutes 2012, section 353F.052, is amended to read:

353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD PROVISION.

Notwithstanding any provisions of law to the contrary, subdivisions within section 353.32 of the edition of Minnesota Statutes published in the year before the year in which a privatization occurred, applicable to the surviving spouse or dependent children of a former member as defined in section 353.01, subdivision 7a, apply to the survivors of a ~~terminated medical facility or other~~ privatized former public employing unit employee.

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

Sec. 24. **[353F.057] TERMINATION FROM SERVICE REQUIREMENT.**

Upon termination of service from the privatized former public employer or any successor entity after the effective date of privatization, a privatized former public employee must separate from any employment relationship with the privatized former public employer or any successor entity for at least 30 days to qualify to receive a retirement annuity under this chapter.

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

Sec. 25. Minnesota Statutes 2012, section 353F.06, is amended to read:

353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

If a privatized former public employee satisfies the separation from service requirement in section 353F.057 and thereafter resumes employment with the privatized former public employer or any successor entity or a governmental subdivision under section 353.01, subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply to any service by a ~~terminated medical facility or other public employing unit employee as an employee of the successor employer to the medical facility.~~

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

Sec. 26. Minnesota Statutes 2012, section 353F.07, is amended to read:

353F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 353 to the contrary, ~~terminated medical facility or other~~ privatized former public employing unit employees may receive a refund of employee accumulated contributions plus interest as provided in section 353.34, subdivision 2, at any time after the transfer of employment to the successor employer of the ~~terminated medical facility or other~~ privatized former public employing unit employer. If a ~~terminated medical facility or other~~ privatized former public employing unit employee has received a refund from a pension plan listed in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those listed plans and complies with section 356.30, subdivision 2.

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

Sec. 27. Minnesota Statutes 2012, section 353F.08, is amended to read:

353F.08 COUNSELING SERVICES.

The ~~medical facility or other privatized former public employing unit employer~~ and the executive director of the Public Employees Retirement Association shall provide ~~terminated medical facility or other privatized former public employing unit~~ employees with counseling on their benefits available under the general employees retirement plan of the Public Employees Retirement Association during ~~the 90 days following a period mutually agreed upon before or after the effective date of privatization.~~

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

Sec. 28. Minnesota Statutes 2012, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, or 1e, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective on January 1 following the calendar year in which the person has been retired for less than 12 months.

(b) The increases provided by this subdivision commence on January 1, 2010.

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

~~(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 353.29, subdivision 6, must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 29. Minnesota Statutes 2012, section 356.415, subdivision 1b, is amended to read:

Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30;

(2) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied;

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

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

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

(c) If, after applying the increase as provided for in paragraph (a), clauses (3) and (4), the market value of the applicable retirement plan is determined in the next subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent of the actuarial accrued liability of any of the applicable Public Employees Retirement Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be applied as of the next successive January until funding stability is again restored.

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

~~(e) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment, as provided in section 353.29, subdivision 6, must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 30. Minnesota Statutes 2012, section 356.635, subdivision 1, is amended to read:

Subdivision 1. **Retirement benefit commencement.** (a) The retirement benefit of a member who has terminated employment must begin no later than the later of April 1 of the calendar year following the calendar year that the member attains the federal minimum distribution age under section 401(a)(9) of the Internal Revenue Code or April 1 of the calendar year following the calendar year in which the member terminated employment.

(b) The consent requirements of section 411(a)(11) of the Internal Revenue Code do not apply to the extent that a distribution is required to satisfy the requirements of section 401(a)(9) of the Internal Revenue Code.

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

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2012, sections 353F.02, subdivisions 4 and 5; and 353F.025, subdivision 3, are repealed.

(b) Minnesota Statutes 2012, section 353.29, subdivision 6, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective January 1, 2014.

ARTICLE 4
BENEFIT ACCRUAL RATE SPECIFICATION

Section 1. Minnesota Statutes 2012, section 352.115, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) ~~will apply~~ applies. The employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by ~~the 1.2 percent specified in section 356.315, subdivision 1,~~ per year of allowable service for the first ten years and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each later year of allowable service and pro rata for completed months less than a full year ~~shall determine~~ determines the amount of the retirement annuity to which the employee is entitled.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1. The employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of allowable service and pro rata for months less than a full year ~~shall determine~~ determines the amount of the retirement annuity to which the employee is entitled.

Sec. 2. Minnesota Statutes 2012, section 352.87, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** A person specified in subdivision 1 is entitled to receive a retirement annuity applicable for allowable service credit under this section calculated by multiplying the employee's average salary, as defined in section 352.01, subdivision 14a, by ~~the 2.0 percent specified in section 356.315, subdivision 2a,~~ for each year or portions of a year of allowable service credit. No reduction for retirement before the normal retirement age, as specified in section 352.01, subdivision 25, applies to service to which this section applies.

Sec. 3. Minnesota Statutes 2012, section 352.93, subdivision 2, is amended to read:

Subd. 2. **Calculating monthly annuity.** The monthly annuity under this section must be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by ~~the 2.4 percent specified in section 356.315, subdivision 5~~ if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010.

Sec. 4. Minnesota Statutes 2012, section 352.95, subdivision 1, is amended to read:

Subdivision 1. **Duty disability; computation of benefit.** A covered correctional employee who is determined to have a duty disability, physical or psychological, as defined under section 352.01, subdivision 17b, is entitled to a duty disability benefit. The duty disability benefit must be based on covered correctional service only. The duty

disability benefit amount is 50 percent of the average salary defined in section 352.93, plus an additional 2.4 percent ~~equal to that specified in section 356.315, subdivision 5, if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010,~~ for each year of covered correctional service in excess of 20 years, ten months, prorated for completed months.

Sec. 5. Minnesota Statutes 2012, section 352B.08, subdivision 2, is amended to read:

Subd. 2. **Normal retirement annuity.** The annuity must be paid in monthly installments. The annuity ~~shall be~~ is equal to the amount determined by multiplying the average monthly salary of the member by ~~the 3.0 percent specified in section 356.315, subdivision 6,~~ for each year and pro rata for completed months of service.

Sec. 6. Minnesota Statutes 2012, section 352B.10, subdivision 1, is amended to read:

Subdivision 1. **Duty disability.** A member who is determined to qualify for duty disability as defined in section 352B.011, subdivision 7, is entitled to receive a duty disability benefit while disabled. The benefits must be paid monthly. The duty disability benefit is an amount equal to the member's average monthly salary multiplied by 60 percent, plus an additional 3.0 percent ~~equal to that specified in section 356.315, subdivision 6,~~ for each year and pro rata for completed months of service in excess of 20 years, if any.

Sec. 7. Minnesota Statutes 2012, section 353.29, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 353.30, subdivisions 1a, 1b, and 1c, applies to any member who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) ~~will apply~~ applies. The average salary as defined in section 353.01, subdivision 17a, multiplied by ~~the 2.2 percent specified in section 356.315, subdivision 3,~~ for each year of allowable service for the first ten years and thereafter by ~~the 2.7 percent specified in section 356.315, subdivision 4,~~ per year of allowable service and completed months less than a full year for a basic member, and ~~the 1.2 percent specified in section 356.315, subdivision 1,~~ for each year of allowable service for the first ten years and thereafter by ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ per year of allowable service and completed months less than a full year for a coordinated member ~~shall determine~~ determines the amount of the normal retirement annuity.

(b) This paragraph applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions 1a, 1b, and 1c. The average salary, as defined in section 353.01, subdivision 17a, multiplied by ~~the 2.7 percent specified in section 356.315, subdivision 4,~~ for each year of allowable service and completed months less than a full year for a basic member and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ per year of allowable service and completed months less than a full year for a coordinated member, ~~shall determine~~ determines the amount of the normal retirement annuity.

Sec. 8. Minnesota Statutes 2012, section 353.651, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** The average salary as defined in section 353.01, subdivision 17a, multiplied by ~~the 3.0 percent specified in section 356.315, subdivision 6,~~ per year of allowable service determines the amount of the normal retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or firefighter, the annuity representing that service must be computed under sections 353.29 and 353.30.

Sec. 9. Minnesota Statutes 2012, section 353.656, subdivision 1, is amended to read:

Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, who is determined to qualify for duty disability as defined in section 353.01, subdivision 41, ~~shall be entitled to~~ receive disability benefits during the period of such disability in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional ~~percentage specified under section 356.315, subdivision 6,~~ 3.0 percent of that average salary for each year of service in excess of 20 years.

(b) To be eligible for a benefit under paragraph (a), the member must have:

(1) not met the requirements for a retirement annuity under section 353.651, subdivision 1; or

(2) met the requirements under that subdivision, but does not have at least 20 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.

(d) If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire 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. 10. Minnesota Statutes 2012, section 353.656, subdivision 1a, is amended to read:

Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, whose disabling condition is determined to be a duty disability that is also a permanent and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional 3.0 percent ~~specified in section 356.315, subdivision 6,~~ of that average salary for each year of service in excess of 20 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) If a member approved for disability benefits under this subdivision dies before attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or within 60 months of the effective date of the disability, whichever is later, the surviving spouse is entitled to receive a survivor benefit under section 353.657, subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling condition for which disability benefits were approved, or section 353.657, subdivision 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition for which benefits were approved under this subdivision.

(d) If the election of an actuarial equivalent optional annuity is not made at the time the permanent and total disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined under section 353.01, subdivision 37, paragraph (b), or having collected total and permanent disability benefits for 60 months, whichever is later. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

Sec. 11. Minnesota Statutes 2012, section 353.656, subdivision 3a, is amended to read:

Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, whose disabling condition is determined to be a regular disability under section 353.01, subdivision 46, that is also a permanent and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for life, a disability benefit in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional 3.0 percent ~~specified in section 356.315, subdivision 6,~~ of that average salary for each year of service in excess of 15 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3 upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) A member approved for disability benefits under this subdivision may elect to receive a normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is not made at the time the total and permanent disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or having collected disability benefits for 60 months, whichever is later. No surviving spouse benefits are payable if the member dies during the period in which a normal total and permanent disability benefit is being paid. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

Sec. 12. Minnesota Statutes 2012, section 353E.04, subdivision 3, is amended to read:

Subd. 3. **Annuity amount.** (a) The average salary as defined in subdivision 2, multiplied by ~~the~~ 1.9 percent ~~specified in section 356.315, subdivision 5a,~~ for each year of allowable service, determines the amount of the normal retirement annuity.

(b) If a person has earned allowable service in the general employees retirement plan of the Public Employees Retirement Association or the public employees police and fire ~~fund prior to retirement plan before~~ participation under this chapter, the retirement annuity representing such service must be computed in accordance with the formula specified in sections 353.29 and 353.30 or 353.651, whichever applies.

Sec. 13. Minnesota Statutes 2012, section 353E.06, subdivision 1, is amended to read:

Subdivision 1. **Duty disability qualification requirements.** A local government correctional employee who is determined to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to a disability benefit. The disability benefit must be based on covered service under this chapter only and is an amount equal to 47.5 percent of the average salary defined in section 353E.04, subdivision 2, plus an additional 1.9 percent ~~equal to that specified in section 356.315, subdivision 5a,~~ for each year of covered service under this chapter in excess of 25 years.

Sec. 14. Minnesota Statutes 2012, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
Each year of service during first ten	the 1.2 percent specified in section 356.315, subdivision 1, per year	the 2.2 percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the 1.7 percent specified in section 356.315, subdivision 2, per year	the 2.7 percent specified in section 356.315, subdivision 4, per year

For service rendered on or after July 1, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	the 1.4 percent specified in section 356.315, subdivision 1a, per year	the 2.2 percent specified in section 356.315, subdivision 3, per year
Each year of service after ten years of service	the 1.9 percent specified in section 356.315, subdivision 2b, per year	the 2.7 percent specified in section 356.315, subdivision 4, per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by ~~the 2.7 percent specified by section 356.315, subdivision 4,~~ for each year of service for a basic member ~~shall determine~~ determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of

that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of service rendered before July 1, 2006, and by ~~the 1.9 percent specified in section 356.315, subdivision 2b,~~ for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 15. Minnesota Statutes 2012, section 354A.31, subdivision 4, is amended to read:

Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) will apply. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.2 percent specified in section 356.315, subdivision 1,~~ per year for each year of coordinated service for the first ten years and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of coordinated service thereafter.

(d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of coordinated service.

Sec. 16. Minnesota Statutes 2012, section 354A.31, subdivision 4a, is amended to read:

Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth fund.** (a) This subdivision applies to the new law coordinated program of the Duluth Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.2 percent specified in section 356.315, subdivision 1,~~ per year for each year of coordinated service for the first ten years and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each subsequent year of coordinated service.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~the 1.7 percent specified in section 356.315, subdivision 2,~~ for each year of coordinated service.

Sec. 17. Minnesota Statutes 2012, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

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

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

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

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

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

(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 retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

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

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

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

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

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

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges retirement fund, and the State Patrol retirement plan, must not exceed ~~the 2.7 percent specified in section 356.315, subdivision 4,~~ per year of service for any year of service or fraction thereof. The formula percentage used by the judges retirement fund must not exceed ~~the percentage rate specified in section 356.315, subdivision 8,~~ 3.2 percent per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed ~~the percentage rate specified in section 356.315, subdivision 6,~~ 3.0 percent per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators 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).

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

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each 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 plans for the period.

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

Sec. 18. Minnesota Statutes 2012, section 356.315, subdivision 9, is amended to read:

Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit accrual rate increases under ~~this section~~ 352.115, subdivision 3; 352.87, subdivision 3; 352.93, subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision 1, 1a, or 3a; 353E.04, subdivision 3; 353E.06, subdivision 1; 354.44, subdivision 6; 354A.31, subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124, subdivision 1, must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 19. Minnesota Statutes 2012, section 490.121, subdivision 22, is amended to read:

Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1) 24 years of allowable service under this chapter; or (2) for judges with allowable service rendered before July 1, 1980, the number of years of allowable service under chapter 490, which, when multiplied by the percentage ~~listed in section 356.315, subdivision 7~~ 2.7 or 3.2, whichever is applicable to each year of service, equals 76.8.

Sec. 20. Minnesota Statutes 2012, section 490.124, subdivision 1, is amended to read:

Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from and after the mandatory retirement date, the normal retirement date, the early retirement date, or one year from the disability retirement date, as the case may be, a retiring judge is eligible to receive a retirement annuity from the judges' retirement fund.

(b) The retirement annuity is an amount equal to: (1) ~~the 2.7 percent specified in section 356.315, subdivision 7,~~ multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered before July 1, 1980; plus (2) ~~the 3.2 percent specified in section 356.315, subdivision 8,~~ multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980.

(c) Service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but the compensation earned by the judge during this period of judicial service must be used in determining a judge's final average compensation and calculating the retirement annuity.

Sec. 21. **REPEALER.**

Minnesota Statutes 2012, section 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a, 6, 7, and 8, are repealed.

Sec. 22. **EFFECTIVE DATE.**

Sections 1 to 21 are effective the day following final enactment.

ARTICLE 5
REVISIONS AND REPEALS OF FORMER LOCAL POLICE
AND PAID FIREFIGHTER RELIEF ASSOCIATION LAWS

Section 1. Minnesota Statutes 2012, section 6.495, subdivision 1, is amended to read:

Subdivision 1. **Audit and examinations.** All powers and duties conferred and imposed upon the state auditor with respect to state, county, and first-class city officers, institutions, and property are hereby extended to the various fire ~~and police~~ relief associations in the state. The state auditor shall annually audit the special and general funds of the relief association or, at the request of the board of trustees or the municipality, the state auditor may contract for an annual audit by a certified public accountant. The state auditor may determine that an annual audit is not necessary, in which case the state auditor shall develop a plan for examination of unaudited relief associations, and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same.

Copies of the written report of the state auditor on the financial condition and accounts of the relief association ~~shall~~ **must** be filed with the board of trustees of the relief association and the governing body of the municipality associated with the relief association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard to relief association funds, copies thereof ~~shall~~ **must** be filed with the city attorney or county attorney in the city or county in which the relief association is located, and these officials of the law shall institute proceedings, civil or criminal, as the law and public interest require.

Sec. 2. Minnesota Statutes 2012, section 6.495, subdivision 3, is amended to read:

Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required ~~pursuant to~~ under section 69.051 and the auditing or certification of those financial reports ~~pursuant to~~ under subdivision 1; and

(2) the receipt of any actuarial valuations required ~~pursuant to~~ under section ~~69.77 or 69.773~~ or sections 31 to 42.

Sec. 3. Minnesota Statutes 2012, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a political subdivision or a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775, or chapter 354A or 424A, or sections 31 to 42, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 4. Minnesota Statutes 2012, section 13D.01, subdivision 1, is amended to read:

Subdivision 1. **In executive branch, local government.** All meetings, including executive sessions, must be open to the public

(a) of a state

(1) agency,

(2) board,

(3) commission, or

(4) department,

when required or permitted by law to transact public business in a meeting;

(b) of the governing body of a

(1) school district however organized,

(2) unorganized territory,

(3) county,

(4) statutory or home rule charter city,

(5) town, or

(6) other public body;

(c) of any

(1) committee,

(2) subcommittee,

(3) board,

(4) department, or

(5) commission,

of a public body; and

(d) of the governing body or a committee of:

(1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

(2) a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775, or chapter 354A, or sections 31 to 42.

Sec. 5. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and

(8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program ~~and police relief association financial reports:~~

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Sec. 6. Minnesota Statutes 2012, section 69.011, subdivision 2, is amended to read:

Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

~~(c) Certification must be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification must be made to the commissioner in duplicate. Each copy of the certificate must be duly executed and is deemed to be an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and shall retain one copy.~~

~~(d) On or before March 15 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.~~

(c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer may be included in the certification of the number of peace officers by more than one ~~municipality or county~~ employing unit for the same month.

(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.

Sec. 7. Minnesota Statutes 2012, section 69.011, subdivision 3, is amended to read:

Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty ~~will~~ must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form ~~cannot~~ may not be used as a defense for ~~not filing~~ a failure to file.

Sec. 8. Minnesota Statutes 2012, section 69.011, subdivision 4, is amended to read:

Subd. 4. **Qualification for fire state aid.** ~~Any~~ (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; ~~and~~

(2) having a separate subsidiary incorporated firefighter's relief and pension association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan; ~~may qualify to receive state aid if it meets the following~~ or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal by July 1, 1972:

~~(a)~~ (1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief; ~~and;~~

~~(b)~~ (2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment; ~~and;~~

~~(c)~~ (3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots; ~~and;~~

~~(d)~~ (4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment; ~~and;~~

~~(e)~~ (5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; ~~and;~~

~~(6)~~ (6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, ~~the municipality has~~ having another piece of motorized apparatus to make the response; and

~~(7)~~ (7) meeting other requirements that the commissioner establishes by rule.

Sec. 9. Minnesota Statutes 2012, section 69.021, subdivision 1, is amended to read:

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports ~~shall~~ must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Sec. 10. Minnesota Statutes 2012, section 69.021, subdivision 2, is amended to read:

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report ~~shall~~ must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums ~~shall~~ must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report ~~shall~~ must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Sec. 11. Minnesota Statutes 2012, section 69.021, subdivision 3, is amended to read:

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer ~~shall be~~ is liable and shall pay \$25 for each seven days ~~delinquent~~, or fraction thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in ~~this subdivision~~ paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer ~~who~~ which knowingly makes and files an inaccurate or false report ~~shall be~~ is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form ~~shall~~ does not excuse the insurer from filing the report.

Sec. 12. Minnesota Statutes 2012, section 69.021, subdivision 4, is amended to read:

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of management and budget.** (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

Sec. 13. Minnesota Statutes 2012, section 69.021, subdivision 5, is amended to read:

Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by town and farmers' mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report, ~~reduced by the amount required to pay the costs and expenses of the state auditor for audits or exams of police relief associations.~~ The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report ~~after subtracting the amount required to pay the state auditor's cost and expenses of the audits or exams of the police relief associations.~~

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

Sec. 14. Minnesota Statutes 2012, 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 qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must ~~receive~~ be apportioned 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 the 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 must 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 percent of the market value of each shared 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 firefighters relief associations or

covered by the voluntary statewide lump-sum volunteer firefighter retirement plan 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 firefighters 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 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. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, 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. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(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 fire state aid apportionments.

Sec. 15. Minnesota Statutes 2012, section 69.021, subdivision 7a, is amended to read:

Subd. 7a. **Apportionment of police state aid.** (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality ~~and, to the~~ each county, and to the Departments of Natural Resources and Public Safety in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, ~~clause paragraph~~ (g), and subdivision 2, ~~clause paragraph~~ (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities ~~and, counties, the Departments of Natural Resources and Public Safety,~~ subject to any reduction under subdivision 10;

(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

Sec. 16. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

Subd. 8. **Population and market value.** (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures ~~are to~~ may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of market value property figures, only the latest available market value property figures may be used.

Sec. 17. Minnesota Statutes 2012, section 69.021, subdivision 9, is amended to read:

Subd. 9. **Appeal.** (a) In the event that a municipality, a county, a fire relief association, ~~a police relief association,~~ the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality, or fire department, or police department is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

Sec. 18. Minnesota Statutes 2012, section 69.021, subdivision 10, is amended to read:

Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

~~(2) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police consolidation account governed by chapter 353A, and established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of the employer's total prior calendar year obligation under section 353A.09, subdivision 5, paragraphs (a) and (b), as certified by the executive director of the Public Employees Retirement Association;~~

~~(3) for municipalities in which police retirement coverage is provided by the public employees police and fire plan governed by sections 353.63 to 353.657, in which police retirement coverage was provided by a police consolidation account under chapter 353A before July 1, 1999, and for which the municipality has an additional municipal contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of any additional municipal contribution under section 353.665, subdivision 8, paragraph (b), until the year 2010, as certified by the executive director of the Public Employees Retirement Association;~~

~~(4) (2) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police relief association governed by sections 69.77 and 423A.01 the cities of Fairmont and Minneapolis, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association, plus the amount of the financial requirements of the relief association certified to the applicable municipality during the prior calendar year under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions deducted from the covered salary of the relief association during the prior calendar year under section 69.77, subdivision 3, as certified by the chief administrative officer of the applicable municipality any additional municipal contribution under section 353.668, subdivision 6, or 353.669, subdivision 6;~~

~~(5) (3) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and~~

~~(6) (4) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota State Retirement System.~~

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those firefighters the applicable following ~~amounts~~ employer calendar year amount:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16

Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Sec. 19. Minnesota Statutes 2012, section 69.021, subdivision 11, is amended to read:

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

~~(d) If a police officer stress reduction program is created by law and money is appropriated for that program, an amount equal to that appropriation must be transferred to the administrator of that program from the balance in the excess police state aid holding account.~~

~~(e)~~ (d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the ~~deductions~~ deduction under ~~paragraphs~~ paragraph (c) ~~and (d)~~ is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

~~(f)~~ (e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c); and (d), ~~and (e)~~, cancels to the general fund.

Sec. 20. Minnesota Statutes 2012, section 69.031, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or ~~to~~ the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Sec. 21. Minnesota Statutes 2012, section 69.031, subdivision 3, is amended to read:

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue ~~an amount~~ amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Sec. 22. Minnesota Statutes 2012, section 69.031, subdivision 5, is amended to read:

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

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

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

~~(2) (b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and ~~353.665~~ 353.668, subdivision 8 6, ~~paragraph (b) or 353.669, subdivision 6~~, if applicable; ~~or~~.~~

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

~~For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total police state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of police officers covered by the fund each payroll period and to transmit the balance to the police relief association; ~~or~~~~

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

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

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the

general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

Sec. 23. Minnesota Statutes 2012, section 69.041, is amended to read:

69.041 SHORTFALL FROM GENERAL FUND.

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections ~~69.77~~, 69.771 to 69.775, ~~or 353A.09~~, or sections 31 to 42, 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 297I.05, subdivisions 2, 3, and 4, 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. 24. Minnesota Statutes 2012, section 69.051, subdivision 1, is amended to read:

Subdivision 1. **Financial report and audit.** (a) The board of ~~each salaried firefighters~~ the Bloomington Fire Department Relief Association, police relief association, and each volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department ~~or is a police relief association~~; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Sec. 25. Minnesota Statutes 2012, section 69.051, subdivision 1a, is amended to read:

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

- (1) the sources and amounts of all money received;
- (2) all disbursements, accounts payable and accounts receivable;
- (3) the amount of money remaining in the treasury;
- (4) total assets, including a listing of all investments;
- (5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by an independent public accountant or auditor or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The independent accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire ~~or police~~ department.

(c) The detailed statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed statement required under paragraph (a) in the relief association office for public inspection and present it to the ~~city council~~ governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the detailed statement to the state auditor within 90 days of the close of the fiscal year.

Sec. 26. Minnesota Statutes 2012, section 69.051, subdivision 1b, is amended to read:

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association ~~will~~

~~forfeit forfeits~~ its current year state aid, and, until the state auditor receives the required information, the relief association or municipality ~~will be~~ is ineligible to receive any future state aid. A municipality or ~~police or~~ firefighters' relief association ~~shall~~ does not qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Sec. 27. Minnesota Statutes 2012, section 69.051, subdivision 2, is amended to read:

Subd. 2. **Treasurers bond.** ~~No~~ (a) ~~The treasurer of a~~ the Bloomington Fire Department Relief Association governed by section 69.77 shall may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 69.771 to 69.776 ~~shall~~ may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Sec. 28. Minnesota Statutes 2012, section 69.051, subdivision 3, is amended to read:

Subd. 3. **Report by certain municipalities.** (a) ~~The chief administrative officer of~~ each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality ~~shall~~ does not qualify initially to receive, ~~or be~~ and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

Sec. 29. Minnesota Statutes 2012, section 69.051, subdivision 4, is amended to read:

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

Sec. 30. Minnesota Statutes 2012, section 69.33, is amended to read:

69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.

For purposes of the first class city fire insurance premium tax surcharge aid program under section 2971.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time

of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

Sec. 31. Minnesota Statutes 2012, section 69.77, subdivision 1, is amended to read:

Subdivision 1. **Conditioned employer support for a the Bloomington Fire Department Relief Association.** (a) Notwithstanding any law to the contrary, only if the ~~municipality~~ city of Bloomington and the Bloomington Fire Department Relief Association comply with the provisions of this section, a ~~municipality~~ the city of Bloomington may contribute public funds, including any applicable police or fire state aid, or levy property taxes for the support of a ~~police or firefighters'~~ the Bloomington Fire Department Relief Association, ~~enumerated in subdivision 1a,~~ however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, and for the operation and maintenance of the relief association.

(b) The commissioner shall not include in the apportionment of ~~police or fire state aid to the county auditor under section 69.021, subdivision 6,~~ any municipality in which there exists a local police or salaried firefighters' relief association as ~~enumerated in subdivision 1a~~ which the city of Bloomington if the Bloomington Fire Department Relief Association does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and ~~that municipality~~ the city of Bloomington may not qualify initially to receive, or be entitled subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the ~~municipality~~ city of Bloomington, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if a ~~municipality with a local police or salaried firefighters' relief association~~ fails the city of Bloomington and the Bloomington Fire Department Relief Association fail to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Sec. 32. Minnesota Statutes 2012, section 69.77, subdivision 2, is amended to read:

Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not apply to a the Bloomington Fire Department Relief Association ~~enumerated in subdivision 1a~~ if the requirements of subdivisions 3 to 10 are met.

Sec. 33. Minnesota Statutes 2012, section 69.77, subdivision 4, is amended to read:

Subd. 4. **Relief association financial requirements; minimum municipal obligation.** (a) The officers of the Bloomington Fire Department Relief Association shall determine the financial requirements of the relief association and the minimum obligation of the ~~municipality~~ city of Bloomington for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the ~~municipality~~ city of Bloomington must be determined on or before the submission date established by the ~~municipality~~ city of Bloomington under subdivision 5.

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

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated under clauses (1), (2), and (3), constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated under clauses (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

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

(2) ~~for the Bloomington Fire Department Relief Association,~~ to the dollar amount of normal cost determined under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. The administrative expenses are those authorized under section 69.80; and

(3) to the dollar amount of normal cost and expenses determined under clauses (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 8, by that fund's amortization date as specified in paragraph (d).

~~(d) The Bloomington Fire Department Relief Association~~ special fund amortization date is determined under section 356.216, clause (2). The amortization date specified in this paragraph supersedes any amortization date specified in any applicable special law.

(d) If the actuarial value of the assets of the special fund of the relief association exceed the actuarial accrued liability as reported in the most recent actuarial valuation of the special fund of the relief association, the financial requirements of the relief association are the amounts calculated under paragraph (c), clauses (1) and (2), reduced by one-tenth of the amount by which the actuarial value of the assets of the special fund of the relief association exceeds the actuarial accrued liability of the special fund of the relief association.

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

Sec. 34. Minnesota Statutes 2012, section 69.77, subdivision 5, is amended to read:

Subd. 5. **Determination submission.** The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the ~~governing body~~ Bloomington City Council on or before the date established by the ~~municipality~~ city of Bloomington, which may not be earlier than August 1 and may not be later than September 1 of each year. The ~~governing body of the municipality~~ Bloomington City Council must ascertain whether or not the determinations were prepared in accordance with law.

Sec. 35. Minnesota Statutes 2012, section 69.77, subdivision 6, is amended to read:

Subd. 6. **Municipal payment.** (a) The ~~municipality~~ city of Bloomington shall provide for and shall pay, each year, at least the amount of the minimum obligation of the ~~municipality~~ city of Bloomington to the Bloomington Fire Department Relief Association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the ~~municipality~~ city of Bloomington as of the end of any calendar year, the amount of the deficiency must be added to the minimum obligation of the ~~municipality~~ city of Bloomington for the following year calculated under subdivision 4 and must include interest at the compound rate of six percent per annum from the date that the ~~municipality~~ city of Bloomington was required to make payment under this subdivision until the date that the ~~municipality~~ city of Bloomington actually makes the required payment.

Sec. 36. Minnesota Statutes 2012, section 69.77, subdivision 7, is amended to read:

Subd. 7. **Budget inclusion.** (a) The ~~municipality~~ city of Bloomington shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated under subdivision 4.

(b) The ~~municipality~~ city of Bloomington may levy taxes for the payment of the minimum obligation of the ~~municipality~~ city of Bloomington without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied under this section may not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the ~~municipality~~ city of Bloomington which are subject to a limitation as to rate or amount to be reduced.

(c) If the ~~municipality~~ city of Bloomington does not include the full amount of the minimum obligation of the ~~municipality~~ city of Bloomington in the levy that the ~~municipality~~ city of Bloomington certified to the Hennepin County auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the Hennepin County auditor. Upon verifying the existence of any deficiency in the levy certified by the ~~municipality~~ city of Bloomington, the Hennepin County auditor shall spread a levy over the taxable property of the ~~municipality~~ city of Bloomington in the amount of the deficiency certified to by the officers of the relief association.

Sec. 37. Minnesota Statutes 2012, section 69.77, subdivision 8, is amended to read:

Subd. 8. **Accelerated amortization.** Any sums of money paid by the ~~municipality~~ city of Bloomington to the relief association in excess of the minimum obligation of the ~~municipality~~ city of Bloomington in any year must be used to amortize any unfunded actuarial accrued liabilities of the Bloomington Fire Department Relief Association.

Sec. 38. Minnesota Statutes 2012, section 69.77, subdivision 9, is amended to read:

Subd. 9. **Local paid fire relief association investment authority.** (a) The ~~special fund~~ funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

(b) The governing board of the Bloomington Fire Department Relief Association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm must use the formula or formulas developed by the State Board of Investment under section 11A.04, clause (11). The governing board of the Bloomington Fire Department Relief Association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

~~(c) The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.~~

Sec. 39. Minnesota Statutes 2012, section 69.77, subdivision 10, is amended to read:

Subd. 10. **Actuarial valuation required.** The ~~governing board of the~~ Bloomington Fire Department Relief Association shall obtain an actuarial valuation showing the condition of the special fund of the relief association under sections 356.215 and 356.216 and ~~any~~ the applicable standards for actuarial work established by the Legislative Commission on Pensions and Retirement. The actuarial valuation must be made as of December 31 of every year. A copy of the actuarial valuation must be filed with the Director of the Legislative Reference Library, the ~~governing body of the municipality in which the association is organized~~ Bloomington City Council, the executive director of the Legislative Commission on Pensions and Retirement, and the state auditor, not later than July 1 of the following year.

Sec. 40. Minnesota Statutes 2012, section 69.77, subdivision 11, is amended to read:

Subd. 11. **Municipal approval of benefit changes required.** Any amendment to the bylaws or articles of incorporation of ~~a the~~ the Bloomington Fire Department Relief Association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from ~~any police or firefighters'~~ the relief association enumerated in subdivision 1a is not effective until it is ratified by the ~~municipality in which the relief association is located~~ city of Bloomington. The officers of the relief association shall not seek municipal ratification before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the Bloomington city clerk of the municipality.

Sec. 41. Minnesota Statutes 2012, section 69.77, subdivision 12, is amended to read:

Subd. 12. **Application of other laws to contribution rate.** In the absence of any specific provision to the contrary, no general or special law previously enacted may be construed as reducing the levy amount ~~or rate of contribution to a police or firefighters'~~ the Bloomington Fire Department Relief Association to which subdivision 1a applies, by a municipality or member of the association the city of Bloomington, which is required as a condition for the use of public funds or the levy of taxes for the support of the association. ~~Each~~ The Bloomington Fire Department Relief Association, the municipality in which it is organized city of Bloomington, and the officers of each, are authorized to do all things required by this section as a condition for the use of public funds or the levy of taxes for the support of the association.

Sec. 42. Minnesota Statutes 2012, section 69.77, subdivision 13, is amended to read:

Subd. 13. **Citation.** This section may be cited as the "~~Police and Firefighters'~~ Bloomington Fire Department Relief Associations Association Guidelines Act ~~of 1969~~."

Sec. 43. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

Subdivision 1. **Covered relief associations.** The applicable provisions of sections 69.771 to 69.776 apply to any firefighters' relief association other than ~~a the~~ the Bloomington Fire Department Relief Association enumerated in section 69.77, subdivision 1a, which is organized under any laws of this state, which is composed of volunteer firefighters or is composed partially of volunteer firefighters and partially of salaried firefighters with retirement coverage provided by the public employees police and fire fund and which, in either case, operates subject to the service pension minimum requirements for entitlement and maximums contained in section 424A.02, or subject to a special law modifying those requirements or maximums.

Sec. 44. Minnesota Statutes 2012, section 69.80, is amended to read:

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a ~~police, salaried firefighters', or~~ volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section ~~69.77, 69.772, or 69.773,~~ or sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

Sec. 45. Minnesota Statutes 2012, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

- (i) tax anticipation or aid anticipation certificates of indebtedness;
 - (ii) certificates of indebtedness issued under sections 298.28 and 298.282;
 - (iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or
 - (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;
- (3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;
- (4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;
- (5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;
- (6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;
- (7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;
- (8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;
- (9) to pay an abatement under section 469.1815;
- (10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;
- (11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a ~~police or~~ firefighters relief association as required under ~~section 69.77~~ sections 31 to 42 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is limited to the amount unallotted or reduced from the aids and credit reimbursements certified for payment in the year following the

calendar year in which the tax levy is certified unless the unallotment or reduction amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

Sec. 46. Minnesota Statutes 2012, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner of management and budget shall pay to ~~the relief association in~~ each city of the first class a warrant for an amount equal to the total amount of the surcharge on the premiums collected within ~~the~~ that city since the previous payment.

(c) The treasurer of the ~~relief association~~ city shall place the money received under this subdivision in ~~the a special account or fund of the relief association~~ to defray all or a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.

Sec. 47. Minnesota Statutes 2012, section 345.381, is amended to read:

345.381 PROPERTY HELD BY MINNESOTA PUBLIC PENSION FUND.

No amounts of money held or owing by a public pension fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, or governed by sections ~~69.77 or~~ 69.771 to 69.776 ~~shall~~ or sections 31 to 42 may be presumed to have been abandoned for purposes of sections 345.41, 345.42, 345.43, 345.47 and 345.48 if the plan governing the public pension fund includes a provision governing the disposition of unclaimed amounts of money.

Sec. 48. Minnesota Statutes 2012, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose salary exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

~~(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elected general employee retirement plan coverage before August 20, 2009;~~

~~(7) (6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b; and~~

~~(8) (7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b.~~

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

Sec. 49. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

- (1) persons whose salary from one governmental subdivision never exceeds \$425 in a month;
- (2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;
- (3) election officers or election judges;
- (4) patient and inmate personnel who perform services for a governmental subdivision;
- (5) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;
- (6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;
- (7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association, ~~or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage.~~ This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;
- (8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;
- (9) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;
- (10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;
- (11) students who are serving in an internship or residency program sponsored by an accredited educational institution;
- (12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;
- (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit, or an H-1b visa initially issued or extended for a combined period less than three years of employment. Upon extension of the employment beyond the three-year period, the foreign citizens must be reported for membership beginning the first of the month thereafter provided the monthly earnings threshold as provided under subdivision 2a is met;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(18) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(21) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(22) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(23) independent contractors and the employees of independent contractors;

(24) reemployed annuitants of the association during the course of that reemployment; and

(25) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

Sec. 50. Minnesota Statutes 2012, 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, unit or instrumentality of state or local government, or any public body established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, 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, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc., ~~and the Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association with respect to staff covered by the Public Employees Retirement Association general plan.~~

(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 469.089 other than the Port Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than the Red Wing Port Authority; 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; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

Sec. 51. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the 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 is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions be made by the employer, the contribution to the applicable supplemental retirement plan when an agreement between the parties establishes that the contribution will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages; ~~and,~~

~~(3) 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, 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) the 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;

(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 subdivision 35 or 36;

(5) the amount of compensation that exceeds the limitation provided in section 356.611; and

(6) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Sec. 52. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

(4) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

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

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary, excluding overtime pay, during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate, excluding overtime pay, during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

~~(c) 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 under chapter 353A or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "allowable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.~~

~~(d)~~ (c) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

~~(e)~~ (d) MS 2002 [Expired]

Sec. 53. Minnesota Statutes 2012, section 353.64, subdivision 1a, is amended to read:

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 plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the plan.~~

~~(b)~~ A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire 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 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)~~ (b) 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 plan, shall become a member of the police and fire 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.

~~(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 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 plan as provided in section 353.665, subdivision 4, must become a member of the public employees police and fire 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. 54. Minnesota Statutes 2012, section 353.659, is amended to read:

353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT BENEFITS.

(a) For any person who ~~has had~~ has prior service covered by a local police or firefighters relief association which has ~~consolidated merged~~ merged with the public employees police and fire retirement association plan and who has elected the type of benefit coverage provided by the public employees police and fire fund benefit plan ~~under section 353A.08 following the consolidation as permitted by the applicable law, any~~ the retirement benefits payable are governed by the applicable provisions of this chapter.

(b) For any person who ~~has had~~ prior service covered by a local police or firefighters relief association which has ~~consolidated merged~~ with the public employees ~~police and fire~~ retirement ~~association plan~~ and who ~~has did~~ not ~~elected~~ elect the type of benefit coverage provided by the public employees police and fire fund benefit plan ~~under~~ section 353A.08 following the consolidation as permitted by the applicable law, ~~any~~ the retirement benefits payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to 353B.13 which ~~apply~~ applied to the ~~applicable former~~ relief association or by section 353.6511 or 353.6512, if applicable.

Sec. 55. Minnesota Statutes 2012, section 353.665, subdivision 1, is amended to read:

Subdivision 1. **Merger authorized Application.** (a) ~~Notwithstanding any provision of law to the contrary, unless the applicable municipality elects otherwise under paragraph (b), every~~ This section applies to the local police and fire relief associations or consolidation account under chapter 353A in existence on March 1, 1999, becomes a part of accounts that merged with the public employees police and fire plan and fund ~~governed by sections 353.63 to 353.659 on July 1, 1999~~ and are specified in paragraph (b).

(b) ~~If a municipality desires to retain its consolidation account~~ The former local police or fire relief associations or consolidation accounts, whichever applies, the governing body of the municipality must adopt a resolution to that effect and must file a copy of the resolution with the secretary of state, the state auditor, the legislative auditor, the management and budget commissioner, the revenue commissioner, the executive director of the public employees retirement association, and the executive director of the Legislative Commission on Pensions and Retirement. The retention election must apply to both consolidation accounts if the municipality is associated with more than one consolidation account. The retention resolution must be adopted and filed with all recipients before June 15, 1999. are:

(1) the former local police and fire consolidation accounts that merged with the public employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

(2) the former Minneapolis Firefighters Relief Association;

(3) the former Minneapolis Police Relief Association;

(4) the former Fairmont Police Relief Association; and

(5) the former Virginia Fire Consolidation Account.

Sec. 56. Minnesota Statutes 2012, section 353.665, subdivision 5, is amended to read:

Subd. 5. **Benefit coverage for retirees and benefit recipients certain former local relief association or consolidation account members.** (a) ~~A person who received a~~ Except as provided in paragraph (b), (c), or (f), the annuity, service pension, a disability pension or benefit, or a survivor benefit ~~from a merging~~ attributable to or of a former member of a former merged local police or fire consolidation account ~~for the month of June 1999, and who has did~~ not previously elected participation in the Minnesota postretirement investment fund for any future postretirement adjustments rather than the postretirement adjustment mechanism or mechanisms of the relief association benefit plan under section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement investment fund for any future postretirement adjustments or retention of the postretirement adjustment mechanism or mechanisms of the relief association benefit plan as reflected in the applicable provisions of chapter 353B. This election must be in writing on a form prescribed by the executive director and must be made before September 1, 1999. elect coverage by all or a portion of the public employees police and fire retirement plan as permitted by applicable law must be calculated or computed under the benefit plan provisions of the applicable former local police or paid firefighters relief association.

~~(b) If an eligible person is a minor, the election must be made by the person's parent or legal guardian. If the eligible person makes no affirmative election under this subdivision, the person retains the postretirement adjustment mechanism or mechanisms of the relief association benefit plan as reflected in the applicable provisions of chapter 353B. The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Minneapolis Firefighters Relief Association or of the former Minneapolis Police Relief Association who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423B or 423C, respectively, and the bylaws in effect as of that date, except that the unit value is governed by section 353.01, subdivisions 10a and 10b, respectively, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6511, subdivision 7.~~

(c) On behalf of former members of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association, the executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees Retirement Association may charge a necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (b). Notwithstanding any provision of chapter 13 to the contrary, the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association.

(d) The executive director shall cooperate with the Minneapolis firefighters fraternal association and the Minneapolis police fraternal association to ensure adequate communications with the former members of the former Minneapolis Firefighters Relief Association or the Minneapolis Police Relief Association consistent with Public Employees Retirement Association policy.

~~(e) The survivor benefit payable on behalf of any service pension or disability benefit recipient who elects participation in the Minnesota postretirement investment fund must be calculated under the relief association benefit plan in effect on the effective date of consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B.~~ (e) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Fairmont Police Relief Association must be calculated or computed under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except that the annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is \$106,666.67 and after December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

(f) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Virginia firefighters consolidation account must be calculated or computed under the election made under Minnesota Statutes 2012, section 353A.08, unless the person made a subsequent election under Minnesota Statutes 2012, section 353.6691, subdivision 4, subject to any additional ad hoc postretirement adjustment under Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (d).

Sec. 57. Minnesota Statutes 2012, section 353.665, subdivision 8, is amended to read:

Subd. 8. **Member and employer contributions.** ~~(a) Effective on the first day of the first full pay period following June 30, 1999, Except as provided in paragraph (b), (c), or (d), the employee contribution rate for merging merged former consolidation account active members is the rate specified in section 353.65, subdivision 2, and the regular municipal contribution rate on behalf of merged former consolidation account active members is the rate specified in section 353.65, subdivision 3.~~

~~(b) The municipality associated with a merging former local consolidation account that had a positive value amortizable base calculation under subdivision 7, paragraph (d), after the preliminary calculation or the second calculation, whichever applies, must make an additional municipal contribution to the public employees police and~~

fire plan for the period from January 1, 2000, to December 31, 2009. The amount of the additional municipal contribution is the amount calculated by the actuary retained under section 356.214 and certified by the executive director of the Public Employees Retirement Association by which the amortizable base amount would be amortized on a level dollar annual end of the year contribution basis, using an 8.5 percent interest rate assumption. The additional municipal contribution is payable during the month of January, is without any interest, or if made after January 31, but before the next following December 31, is payable with interest for the period since January 1 at a rate which is equal to the preretirement interest rate assumption specified in section 356.215, subdivision 8, applicable to the public employees police and fire fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due is payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made. With respect to active members of the merged former Minneapolis Firefighters Relief Association and the merged former Minneapolis Police Relief Association, there are no employee contributions payable and the employer contribution on behalf of those active members is at the rate specified in section 353.65, subdivision 3, applied to the active member's salary. In addition, an additional municipal contribution is payable by the city of Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded present value figure calculated as required by Minnesota Statutes 2012, section 353.667, subdivision 6, paragraph (a), and Minnesota Statutes 2012, section 353.668, subdivision 6, paragraph (a). If the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under Minnesota Statutes 2012, section 353.667, subdivision 6, and Minnesota Statutes 2012, section 353.668, subdivision 6, paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Minneapolis for the balance of the amortization period must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Minneapolis.

(c) If there are assets of the former Fairmont Police Relief Association in excess of the present value of future benefits as of June 29, 2012, these assets must be credited to an interest-bearing suspense account within the public employees police and fire retirement fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Fairmont for the balance of the amortization period must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Fairmont.

(d) If there was a remainder present value of future benefits amounts under Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (a), the city of Virginia shall pay an additional municipal contribution annually on or before December 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that remainder present value of future benefits amounts of the former Virginia fire department consolidation account. If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and any amortization contribution by the city of Virginia for the balance of the amortization period must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Virginia.

Sec. 58. Minnesota Statutes 2012, section 353.71, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a retirement plan providing benefits for police officers or firefighters governed by sections ~~69.77 to~~ 69.771 to 69.776, or by sections 31 to 42, is entitled, when qualified, to an annuity from each retirement plan if the total allowable service in all retirement plans or in any two of these retirement plans totals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one retirement plan is based is again used in the computation for benefits from another retirement plan and provided further that the person has not taken a refund from any one of these retirement plans since the person's membership in that association or system last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific minimum period of allowable service in the respective association or system does not apply for the purposes of this section if the combined service in two or more of these retirement plans equals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

Sec. 59. Minnesota Statutes 2012, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- (6) the Duluth Teachers Retirement Fund Association;
- (7) the University of Minnesota faculty retirement plan;
- (8) the University of Minnesota faculty supplemental retirement plan;
- (9) the judges retirement fund;
- (10) ~~a police or firefighter's relief association specified or described in section 69.77, subdivision 1a~~ the Bloomington Fire Department Relief Association;
- (11) a volunteer firefighter relief association governed by section 69.771, subdivision 1;
- (12) the public employees police and fire plan of the Public Employees Retirement Association;
- (13) the correctional state employees retirement plan of the Minnesota State Retirement System;
- (14) the local government correctional service retirement plan of the Public Employees Retirement Association; and
- (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

Sec. 60. Minnesota Statutes 2012, section 356.215, subdivision 18, is amended to read:

Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than preretirement interest, postretirement interest, salary increase, and payroll increase may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

(b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial valuations under this section that are other than postretirement interest and preretirement interest may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

(c) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the joint retirement systems under section 356.214 or by the actuary retained by a local police or firefighters relief association governed by sections ~~69.77~~ or 69.771 to 69.776 or by sections 31 to 42, if one is retained.

Sec. 61. Minnesota Statutes 2012, section 356.216, is amended to read:

356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS MONTHLY VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS.

The provisions of section 356.215 that govern the contents of actuarial valuations ~~must~~ apply to the Bloomington Fire Department Relief Association and to any local police or fire pension fund or monthly volunteer firefighter relief association required to make an actuarial report under this section, except as follows:

~~(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll must be the maximum rate of salary on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;~~

~~(2) (1) in lieu of the amortization date specified in section 356.215, subdivision 11, the appropriate amortization target date specified in clause (2) or section 69.77, subdivision 4, or 69.773, subdivision 4, clause paragraph (c), must be used in calculating any required amortization contribution, except that if the actuarial report;~~

~~(2) for the Bloomington Fire Department Relief Association indicates an, any unfunded actuarial accrued liability, the unfunded obligation is to must be amortized on a level dollar basis by December 31 of the year occurring 20 years later after the year in which the unfunded actuarial accrued liability initially occurred, and, if subsequent actuarial valuations for the Bloomington Fire Department Relief Association determine indicate a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded actuarial accrued liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 20 years later after the year in which the net actuarial experience loss occurred;~~

~~(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 13, the member contributions for active members for the calendar year and the prospective annual retirement annuities service pensions under the benefit plan for active members must be reported;~~

(4) actuarial valuations required under section 39 must be made annually and actuarial valuations required under section 69.773, subdivision 2, must be made at least every four years and actuarial valuations required under section 69.77 shall be made annually or as frequently as required by generally accepted accounting principles in the government sector, whichever frequency requirement is shorter;

(5) the actuarial balance sheet showing accrued assets valued at market value ~~if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, paragraph (b) or (f), whichever applies, if the actuarial valuation is required to be prepared annually,~~ actuarial accrued liabilities, and the unfunded actuarial accrued liability must include the following required reserves:

(i) for active members:

~~1. (A) retirement benefits or service pensions;~~

~~2. (B) disability benefits; and~~

~~3. refund liability due to death or withdrawal;~~

~~4. (C) survivors' benefits;~~

(ii) for deferred annuitants' benefits;

(iii) for former members without vested rights;

(iv) for annuitants;

~~1. (A) retirement annuities or service pensions;~~

~~2. (B) disability annuities; and~~

~~3. surviving spouses' annuities;~~

~~4. surviving children's annuities; (C) survivor benefits.~~

In addition to those required reserves, separate items must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above; and

(6) actuarial valuations are due to be filed with the state auditor by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

Sec. 62. Minnesota Statutes 2012, section 356.219, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) The State Board of Investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the State Board of Investment, including the Bloomington Fire Department Relief Association and a local police or volunteer firefighters relief association governed by sections ~~69.77 or~~ 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) The Bloomington Fire Department Relief Association and a local police or volunteer firefighters relief association governed by ~~section 69.77 or~~ sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to

cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the State Board of Investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the State Board of Investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the State Board of Investment.

(d) This section does not apply to the following plans:

- (1) the Minnesota unclassified employees retirement program under chapter 352D;
- (2) the public employees defined contribution plan under chapter 353D;
- (3) the individual retirement account plans under chapters 354B and 354D;
- (4) the higher education supplemental retirement plan under chapter 354C;
- (5) any alternative retirement benefit plan established under section 383B.914; and
- (6) the University of Minnesota faculty retirement plan.

Sec. 63. Minnesota Statutes 2012, section 356.219, subdivision 2, is amended to read:

Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

- (1) cash and any cash equivalent investments with maturities of one year or less when issued;
- (2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;
- (3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;
- (4) international stocks or convertible issues;
- (5) international debt securities; and
- (6) real estate and venture capital.

(b) If the pension plan is investing ~~under section 69.77, subdivision 9, section 69.775, or any other applicable law,~~ in open-end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Sec. 64. Minnesota Statutes 2012, section 356.219, subdivision 8, is amended to read:

Subd. 8. **Timing of reports.** (a) For ~~salaried firefighter relief associations, police~~ the Bloomington Fire Department Relief Association and the volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the State Board of Investment a list or lists of covered pension plans which submitted certifications in order to facilitate reporting by the State Board of Investment under paragraph (c).

(b) For the St. Paul Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association, and the University of Minnesota faculty supplemental retirement plan, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The State Board of Investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

Sec. 65. Minnesota Statutes 2012, section 356.406, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, the Bloomington Fire Department Relief Association, any relief association governed by ~~section 69.77 or~~ sections 69.771 to 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin County supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan; a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension; a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan; or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Sec. 66. Minnesota Statutes 2012, section 356A.01, subdivision 19, is amended to read:

Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a pension plan, other than the general fund, as reserves for present and future payment of benefits and administrative expenses. For the Bloomington Fire Department Relief Association or a retirement plan governed by section 69.77 or by chapter 424A, the term means the relief association special fund.

Sec. 67. Minnesota Statutes 2012, section 356A.06, subdivision 4, is amended to read:

Subd. 4. **Economic interest statement.** (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

(c) For a covered pension plan governed by sections 69.771 to 69.776 or ~~a covered pension plan governed by section 69.77~~ with the Bloomington Fire Department Relief Association if its special fund assets are under \$8,000,000, the statement must contain the following:

(1) the person's principal occupation and principal place of business;

(2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and

(3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the State Board of Investment or the pension plan meets the requirements of this subdivision.

(f) The chief administrative officer of each covered pension plan, by January 15, annually, shall transmit a certified listing of all individuals who have filed statements of economic interest with the plan under this subdivision during the preceding 12 months and the address of the office referenced in paragraph (d) to the Campaign Finance and Public Disclosure Board.

Sec. 68. Minnesota Statutes 2012, section 356A.07, subdivision 2, is amended to read:

Subd. 2. **Annual financial report.** A covered pension plan shall provide each active plan participant and benefit recipient with a copy of the most recent annual financial report required by section 356.20 and a copy of the most recent actuarial evaluation, if any, required by section ~~69.77~~, 69.773, 356.215, or 356.216, or by section 39, or a summary of those reports.

Sec. 69. Minnesota Statutes 2012, section 423A.02, subdivision 1, is amended to read:

Subdivision 1. **Amortization state aid.** (a) ~~A municipality in which is located a local police or salaried firefighters relief association to which the provisions of section 69.77, apply, that had an unfunded actuarial accrued liability in the most recent relief association actuarial valuation, is entitled, upon application as required by the commissioner of revenue, to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and 69.77.~~ The cities of Fairmont and Minneapolis are entitled, subject to subdivisions 2, 4, and 5, to receive amortization state aid under this section.

(b) The total amount of amortization state aid to all entitled municipalities must not exceed \$5,055,000 the appropriation under subdivision 3a.

(c) ~~Subject to the adjustment for the city of Minneapolis provided in this paragraph, the amount of amortization state aid to which a municipality is entitled annually is an amount equal to the level annual dollar amount required to amortize, by December 31, 2010, the unfunded actuarial accrued liability of the special fund of the appropriate relief association as reported in the December 31, 1978, actuarial valuation of the relief association prepared under sections 356.215 and 356.216, reduced by the dollar amount required to pay the interest on the unfunded actuarial accrued liability of the special fund of the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes 1978, section 356.215, subdivision 8. For the city of Minneapolis, the amortization state aid amount thus determined must be reduced by \$747,232 on account of the former Minneapolis Police Relief Association and by \$772,768 on account of the former Minneapolis Fire Department Relief Association. The amortization state aid amounts are:~~

<u>City</u>	<u>Aid Amount</u>
<u>Fairmont</u>	<u>\$24,172</u>
<u>Minneapolis</u>	<u>\$2,728,547</u>

If the amortization state aid amounts determined under this paragraph exceed the amount appropriated for this purpose under subdivision 3a, the amortization state aid for actual allocation must be reduced pro rata.

(d) Each municipality is eligible for an amortization state aid payment in a fiscal year if:

(1) for Fairmont, the executive director of the Public Employees Retirement Association certifies on or before June 30 that a municipal contribution with respect to the former Fairmont Police Relief Association is payable in the upcoming fiscal year under section 353.665, subdivision 8, paragraph (c); and

(2) for Minneapolis, the executive director of the Public Employees Retirement Association certifies on or before June 30 that an additional employer contribution with respect to either the former Minneapolis Firefighters Relief Association or the former Minneapolis Police Relief Association is payable in the upcoming fiscal year under section 353.665, subdivision 8, paragraph (b).

Payment of amortization state aid to municipalities must be made ~~directly~~ to the municipalities involved in three equal installments on July 15, September 15, and November 15 annually. Upon receipt of amortization state aid, the municipal treasurer shall transmit the aid amount to the ~~treasurer custodian~~ of the local ~~relief association trust fund~~ or to the executive director of the public employees police and fire retirement fund, whichever applies, for immediate deposit ~~in the special fund of the relief association.~~

(e) The commissioner of revenue shall administer the amortization state aid program. The commissioner shall prescribe and periodically revise, as necessary, the form for and required content of the application certifications for the amortization state aid.

~~(f) The amount required under this section, as provided in subdivision 3a, is appropriated annually from the general fund to the commissioner of revenue.~~

Sec. 70. Minnesota Statutes 2012, 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 firefighters 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 municipalities that are required to make an additional municipal contribution under section 353.665, subdivision 8; 353.667, subdivision 6; or 353.668, subdivision 6, 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.~~

~~(e) (a) Beginning October 1, 2000~~ 2013, and annually thereafter, the commissioner shall allocate the additional amortization state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis:

~~(1) 64.5 percent to the 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~~ (1) 47.1 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 defray the employer costs associated with police and firefighter retirement coverage;

~~(2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);~~

~~(3) 12.9 percent to the city of Duluth to defray employer costs associated with police and firefighter retirement coverage;~~

~~(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment performance requirement of paragraph (c) is met; and~~

~~(3) (5) 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 defray the employer contribution under section 353.665, subdivision 8, paragraph (d).~~

If there is no ~~unfunded actuarial accrued liability in both~~ additional employer contribution under section 353.665, subdivision 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police Relief Association and the former 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~~ 47.1 percent of the aid as follows: 49 percent to the Teachers Retirement 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 firefighters relief associations. If there is no ~~unfunded actuarial accrued liability in employer contribution by the city of 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~~ under

section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department Relief Association certified on or before June 30 by the executive director of the Public Employees Retirement Association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement 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 firefighters relief associations. Upon the final payment to municipalities required by section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs associated with the police and firefighters pensions, and 40 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations.

(b) The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3 of revenue on October 1 annually.

(c) With respect to the St. Paul Teachers Retirement Fund Association, annually, beginning on July 1, 2005, if 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 the retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are the amounts annually appropriated to the commissioner of revenue under section 69.021, subdivision 11, paragraph (e), and the aid amounts in excess of the limitation in subdivision 4.

Sec. 71. Minnesota Statutes 2012, section 423A.02, subdivision 2, is amended to read:

Subd. 2. **Continued eligibility.** A municipality that has qualified for amortization state aid under subdivision 1 on December 31, 1984, and has an additional municipal contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most recent December 31, continues upon application to be entitled to receive amortization state aid under subdivision 1 and supplementary amortization state aid under subdivision 1a, after the local police or salaried firefighters' relief association has been consolidated into the public employees police and fire fund. If a municipality loses entitlement for amortization state aid and supplementary amortization state aid in any year because of not having an additional municipal contribution under section 353A.09, subdivision 5, paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A municipality that received amortization aid in 1999 and is required to make an additional municipal contribution under section 353.665, subdivision 8, continues to qualify for the amortization state aid and the supplemental amortization aid until December 31, 2009 received amortization aid in 2011 and is required to make a municipal contribution under section 353.665, subdivision 8, paragraph (b), (c), or (d), whichever applies, continues to qualify for amortization state aid for the duration of the applicable municipal contribution.

Sec. 72. Minnesota Statutes 2012, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid distributed under subdivisions subdivision 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent

to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments ~~shall~~ must be made on ~~or before June 30~~ July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association ~~or the Duluth Teachers Retirement Fund Association~~ becomes fully funded, ~~its~~ the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), ~~prior to~~ before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid ~~and supplementary amortization aid~~ under ~~subdivisions 1 and subdivision~~ subdivision 1a that is not distributed for any reason to a municipality ~~for use by a local police or salaried firefighter relief association~~ must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

Sec. 73. Minnesota Statutes 2012, section 423A.02, subdivision 3a, is amended to read:

Subd. 3a. **Appropriations for amortization state aid; ~~supplementary amortization state aid; and amortization state aid and supplementary state aid~~ reallocations.** ~~\$4,720,000~~ \$5,720,000 is annually appropriated from the general fund to the commissioner of revenue for amortization state aid under subdivision 1, and for the reallocation of amortization aid under subdivision 3. ~~\$1,000,000 is annually appropriated from the general fund to the commissioner of revenue for supplementary amortization state aid under subdivision 1a, and for the reallocation of supplementary amortization state aid under subdivision 3.~~

Sec. 74. Minnesota Statutes 2012, section 423A.02, subdivision 4, is amended to read:

Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid, ~~supplementary amortization aid,~~ and additional amortization aid under this section payable to a municipality to which section 353.665, subdivision 8, paragraph (b), ~~(c), or (d),~~ applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b), ~~(c), or (d).~~

(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), ~~(c), or (d),~~ 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), or (d).~~

(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 subdivision 1b.

Sec. 75. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid, ~~supplementary 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 St. Paul Teachers Retirement Fund Association equal the actuarial accrued liability of that plan or ~~December 31, 2009~~ when the assets of the Duluth Teachers Retirement Fund Association equal the actuarial accrued liability of that plan, whichever is later.

Sec. 76. Minnesota Statutes 2012, section 424A.001, subdivision 4, is amended to read:

Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief association" means a volunteer firefighters' relief association or a volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 69.771 to 69.775; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "volunteer firefighters' relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by ~~section 69.77~~ sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed by chapter 353G.

(c) A relief association or volunteer firefighters' relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

Sec. 77. Minnesota Statutes 2012, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, including any volunteer firefighters relief association governed by ~~section 69.77~~ sections 31 to 42 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:

(1) with respect to a defined benefit relief association in which governing bylaws provide solely for a lump-sum service pension to a retiring member, or provide a retiring member the choice of either a lump-sum service pension or a monthly service pension and the lump-sum service pension was chosen, 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 (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any defined benefit 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 must be calculated by multiplying the service pension amount specified in the bylaws of the relief association at the time of death or disability, whichever applies, by the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit;

or (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 must be calculated without regard to whether the member had attained the minimum amount of service and membership credit specified in the governing bylaws. For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of a defined benefit 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.

(3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving children and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(4)(i) If a monthly benefit survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(iii) For purposes of this clause, if the relief association bylaws authorize a monthly survivor benefit payable to a designated beneficiary, the relief association bylaws may limit the total survivor benefit amount payable.

(5) For purposes of this section, for a monthly benefit volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this section, for a lump-sum volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to the surviving children organized under chapter 501B as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

Sec. 78. Minnesota Statutes 2012, section 475.52, subdivision 6, is amended to read:

Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; for funding actuarial liabilities to pay postemployment benefits to employees or officers after their termination of service; or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed under sections 356.215 and 356.216. The board of trustees or directors of ~~a~~ the Bloomington Fire Department Relief Association referred to in section 69.77 must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members. For purposes of this section, the term "postemployment benefits" means benefits given rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board.

Sec. 79. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall not show the text of Minnesota Statutes, section 69.77, and shall add the note in Minnesota Statutes, section 69.77, "CITY OF BLOOMINGTON; LOCAL."

(b) In Minnesota Statutes 2014 and subsequent editions, Minnesota Statutes, sections 69.771 to 69.776 must be recodified as Minnesota Statutes, sections 424A.091 to 424A.096, and all statutory cross-references revised.

Sec. 80. **REPEALER.**

(a) Minnesota Statutes 2012, section 353.665, subdivisions 2, 3, 4, 6, 7, 9, and 10, are repealed.

(b) Minnesota Statutes 2012, sections 353.667; 353.668; 353.669; and 353.6691, are repealed.

(c) Minnesota Statutes 2012, sections 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; and 353B.14, are repealed.

(d) Minnesota Statutes 2012, sections 423A.01; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; and 423A.22, are repealed.

(e) Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3; and 423A.02, subdivision 1a, are repealed.

(f) Minnesota Statutes 2012, section 69.77, subdivision 3, is repealed.

Sec. 81. **EFFECTIVE DATE; PRIOR AID ALLOCATIONS VALIDATED.**

(a) Sections 69 to 75 are effective June 1, 2013.

(b) Except as provided in paragraph (c), sections 1 to 68 and 76 to 80 are effective July 1, 2013.

(c) With respect to the city of Minneapolis, section 18 is effective retroactively from July 20, 2011, and with respect to the city of Fairmont, section 18 is effective retroactively from May 10, 2012.

(d) Allocations of amortization state aid, supplementary amortization state aid, or additional amortization state aid made by the commissioner of revenue before January 1, 2013, are hereby validated.

ARTICLE 6
VOLUNTEER FIREFIGHTER RETIREMENT CHANGES

Section 1. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

Subdivision 1. **Covered relief associations.** The applicable provisions of sections 69.771 to 69.776 ~~apply to govern~~ any firefighters' relief association ~~other than defined in section 424A.001, subdivision 4, and do not apply to~~ a relief association enumerated in section 69.77, subdivision 1a, ~~which is organized under any laws of this state, which is composed of volunteer firefighters or is composed partially of volunteer firefighters and partially of salaried firefighters with retirement coverage provided by the public employees police and fire fund and which, in either case, operates subject to the service pension minimum requirements for entitlement and maximums contained in section 424A.02, or subject to a special law modifying those requirements or maximums.~~

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

Sec. 2. Minnesota Statutes 2012, section 69.774, subdivision 1, is amended to read:

Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit corporations.** (a) This section ~~shall apply~~ applies to any independent nonprofit firefighting corporation incorporated or organized ~~pursuant to~~ under chapter 317A which: (1) operates exclusively for firefighting purposes; (2) which is composed of volunteer firefighters; and (3) which has a duly established separate subsidiary incorporated firefighters' relief association which provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and which ~~operates is~~ is subject to the ~~service pension minimum requirements for entitlement to and maximums for a service pension contained in section 424A.02, or a special law modifying those requirements or maximums~~ applicable provisions of chapter 424A.

(b) Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation ~~shall~~ must be included in the distribution of fire state aid to the appropriate county auditor by the state auditor only if the independent nonprofit firefighting corporation complies with the provisions of this section.

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

Sec. 3. Minnesota Statutes 2012, section 353G.05, subdivision 2, is amended to read:

Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer firefighters by the retirement plan is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage.

(b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighters' relief association, following approval of the request by the board of the volunteer firefighters' relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighters' relief association, the cost analysis of the prospective retirement coverage must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.

(c) The cost analysis of the prospective retirement coverage by the statewide retirement plan must be based on the service pension amount under section 353G.11 closest to the service pension amount provided by the volunteer firefighters' relief association if the relief association is a lump-sum defined benefit plan, or the amount equal to 95

percent of the most current average account balance per relief association member if the relief association is a defined contribution plan, or to the lowest service pension amount under section 353G.11 if there is no volunteer firefighters' relief association, rounded up, and any other service pension amount designated by the requester or requesters. The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(d) If a cost analysis is requested and a volunteer firefighters' relief association exists that has filed the information required under section 69.051 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the volunteer firefighters' relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

(e) If a cost analysis is requested, the executive director of the State Board of Investment shall review the investment portfolio of the relief association, if applicable, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under paragraph (f), the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of retirement plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

(f) Upon receipt of the cost analysis, the governing body of the municipality or independent nonprofit firefighting corporation associated with the fire department shall either approve or disapprove the retirement coverage change within ~~90~~ 120 days. If the retirement coverage change is not acted upon within ~~90~~ 120 days, it is deemed to be disapproved. If the retirement coverage change is approved by the applicable governing body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the next following January 1.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 424A.001, is amended by adding a subdivision to read:

Subd. 11. **Fiscal year.** The fiscal year for a volunteer firefighter relief association begins on January 1 of each calendar year and ends on December 31 of the same calendar year.

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

Sec. 5. Minnesota Statutes 2012, section 424A.01, subdivision 6, is amended to read:

Subd. 6. **Return to active firefighting after break in service.** ~~(a) The requirements of This section apply to all breaks in service, except breaks in that the resumption service mandated by requirements of this subdivision do not apply to leaves of absence made available by federal or statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state law statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donations Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section 593.50.~~

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

(2) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(3) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence and who has not received a service pension or disability benefit may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the

firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption period periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

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

Sec. 6. Minnesota Statutes 2012, section 424A.015, subdivision 1, is amended to read:

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

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

(1) the person ~~is employed subsequent to retirement by~~ discontinues volunteer firefighter duties with the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform and performs duties within the municipal fire department or corporation on a full-time basis;

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

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

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

Sec. 7. Minnesota Statutes 2012, section 424A.015, subdivision 4, is amended to read:

Subd. 4. **Transfer to individual retirement account.** A relief association that is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, and that provides a single payment service pension, at the written request of the applicable retiring member or, following the death of the active member, at the written request of the deceased member's surviving spouse, may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension or the ~~death or~~ survivor benefit attributable to the member, whichever applies, to the requesting person's individual retirement account under section 408(a) of the Internal Revenue Code, as amended.

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

Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A member of a relief association 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~~ and has completed the minimum service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least 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 defined contribution relief association may, if its governing bylaws so provide, credit interest or additional investment performance on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, the interest must be paid:

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

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

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

(d) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, 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.

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

Sec. 9. Minnesota Statutes 2012, section 424A.02, subdivision 7, is amended to read:

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

~~(1) has completed the lesser of either 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 and has completed the minimum service and membership requirements in subdivision 1.~~ The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least 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 defined benefit relief association that provides a lump-sum service pension governed by subdivision 3 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 in one of the following manners:

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

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

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

(d) Any change in the interest rate set by the board of directors under paragraph (c), clause (3), must be ratified by the governing body of the municipality served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

~~(d)~~ (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next following the date on which the municipality has approved the deferred service pension interest rate established as set by the board of trustees was ratified by the governing body of the municipality served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

~~(e)~~ (f) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date that on which the member separates from active service and membership and ending on the ~~accounting date~~ last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

~~(f)~~ (g) 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 firefighters 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.

~~(g)~~ (h) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, 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.

EFFECTIVE DATE. This section is effective January 1, 2014, with respect to the amendments to paragraphs (c), (d), and (e), and is effective retroactively from January 1, 2013, with respect to the amendments to paragraph (f).

Sec. 10. Minnesota Statutes 2012, section 424A.10, subdivision 1, is amended to read:

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

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

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

(3) "active volunteer firefighter" means a person who regularly renders fire suppression service for a municipal fire department or an independent nonprofit firefighting corporation, who has met the statutory and other requirements for relief association membership, and who is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one month; and

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who terminated active firefighting service, has sufficient service credit from the applicable relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension.

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

Sec. 11. Minnesota Statutes 2012, section 424A.10, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter retirement plan of a lump-sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association ~~may~~ must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association ~~if its articles of incorporation or bylaws so provide~~ and the retirement plan ~~may~~ must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

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

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

Sec. 12. **WHITE BEAR LAKE VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION; RETIREE DEATH BENEFIT.**

Notwithstanding any provision of Minnesota Statutes, section 424A.05, subdivision 3, clause (4), to the contrary, the White Bear Lake Volunteer Fire Department Relief Association may provide, if its bylaws so provide, for the payment of a \$2,000 lump sum death benefit from the special fund of the relief association to the estate of a person who was a member of the relief association, who rendered at least 20 years of firefighting service in the fire department and membership in the relief association, who retired before January 1, 2009, who received a monthly benefit service pension from the relief association for the month in which this section became effective, and who died after the effective date of the bylaw amendment that implements the authority under this section.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of White Bear Lake and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **REPEALER.**

Minnesota Statutes 2012, section 424A.10, subdivision 5, is repealed.

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

ARTICLE 7

ONE PERSON AND SMALL GROUP RETIREMENT CHANGES

Section 1. Minnesota Statutes 2012, section 352.01, subdivision 2a, is amended to read:

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

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;

(9) employees of the Minnesota Safety Council;

(10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;

(11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;

(12) judges of the Tax Court;

(13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

(14) personnel who are employed as seasonal employees in the classified or unclassified service;

(15) persons who are employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply;

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply; ~~and~~

(19) employees of the Minnesota Sports Facilities Authority; and

(20) employees of the Minnesota Association of Professional Employees.

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

EFFECTIVE DATE. (a) This section is effective July 1, 2013.

(b) The membership inclusion under paragraph (a), clause (20), does not apply to a person who is receiving an age and service retirement annuity from the general state employees retirement plan of the Minnesota State Retirement System on June 30, 2013.

Sec. 2. Minnesota Statutes 2012, section 352.029, subdivision 1, is amended to read:

Subdivision 1. **Qualifications.** Unless already specifically included under section 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision 2b, a state employee on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the general state employees retirement plan of the Minnesota State Retirement System for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 352.029, subdivision 2a, is amended to read:

Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary for a labor organization employee who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who qualifies for membership under this section or section 352.75 is limited to the lesser of:

(1) the employee's actual salary as defined under section 352.01, subdivision 13; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits under this chapter and chapter 356.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 352.029, subdivision 2b, is amended to read:

Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination of employment by the labor organization by the person who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 352.115, subdivision 10, applies in the event that the person who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who elected coverage under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota State Retirement System by virtue of that employment.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 352.029, subdivision 3, is amended to read:

Subd. 3. **Contributions.** The employee and employer contributions required by section 352.04, or by section 352.92 for employees covered by section 352.91, are the obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph (a), clause (20), or who chooses coverage under this section. However, the employing labor organization may pay the employer contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section 352.91.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 352.029, subdivision 5, is amended to read:

Subd. 5. **Board membership excluded.** Employees of a labor organization who become members of the system under section 352.01, subdivision 2a, paragraph (a), clause (20), or under this section are not eligible for election to the board of directors.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. **[356.408] TERMINATION OF SURVIVOR DESIGNATION.**

Subdivision 1. **Authorization to terminate optional annuity form.** A public pension plan retired member receiving a joint and survivor retirement annuity or a person receiving a joint and survivor disability benefit from a plan listed in section 356.30, subdivision 3, and the designated survivor of that person may mutually agree to terminate the survivor designation by filing a termination statement on a form and in the manner specified by the chief administrative officer of the applicable public pension plan. Upon filing a valid termination statement accepted by the chief administrative officer, the rights of the designated survivor to receive a benefit upon death of the plan retired or disabled annuitant are terminated, and the retired or disabled annuitant must receive a normal single-life annuity.

Subd. 2. **Revised annuity form.** The replacement single life annuity must be actuarially equivalent to the joint and survivor annuity as of the first day of the month following acceptance of the valid termination statement by the chief administrative officer and payment of this revised prospective annuity begins on that same date.

Subd. 3. **Application.** This section does not apply if the designated survivor is the spouse or former spouse of the plan member.

Subd. 4. **Termination statement form requirements.** The annuity form termination statements must be in written form and must be notarized. Before accepting any signed form or forms, the chief administrative officer of the applicable pension plan must offer counseling to the retired or disabled annuitant and the designated survivor regarding the implications of the annuity form waiver. The forms must indicate that this counseling has been offered and either has been completed or has been waived by the retired or disabled annuitant and the designated survivor.

Subd. 5. **Prohibition against further annuity form revisions.** No retired or disabled annuitant who waives the annuity form under this section may further revise the annuity form at any later date.

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

Sec. 8. Minnesota Statutes 2012, section 356.48, subdivision 1, is amended to read:

Subdivision 1. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the State Patrol retirement plan established under chapter 352B;

(4) the unclassified state employees retirement program of the Minnesota State Retirement System established under chapter 352D;

(5) the general employee retirement plan of the Public Employees Retirement Association established under chapter 353;

(6) the public employees police and fire retirement plan established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

- (8) the Teachers Retirement Association established under chapter 354; ~~and~~
- (9) the St. Paul Teachers Retirement Fund Association established under chapter 354A; and
- ~~(9)~~ (10) the uniform judicial retirement plan established under chapter 490.

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

Sec. 9. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION; SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

(a) An eligible person described in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c) and, if the service credit purchase is made, to have the effective start date for active retirement plan membership of June 30, 1989, and to retire under Minnesota Statutes, section 352.116, subdivision 1.

(b) An eligible person is a person who:

(1) was born on July 17, 1964;

(2) was initially employed by the state of Minnesota as a temporary status laborer general on June 19, 1989;

(3) became a seasonal status laborer general on August 30, 1989;

(4) became an unlimited status laborer general on December 12, 1990;

(5) has received annual statements from the Minnesota State Retirement System indicating eligibility for a retirement benefit under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b), as of September 1, 2012, including the June 30, 2012, annual statement;

(6) attended a Minnesota State Retirement System preretirement class in March 2012 and was individually informed by a Minnesota State Retirement System employee of the person's retirement eligibility under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); and

(7) received a letter from the Minnesota State Retirement System on August 16, 2012, revising the start date for general state employees retirement plan allowable service credit from June 19, 1989, to September 27, 1989, and indicating consequent inapplicability of Minnesota Statutes, section 352.116, subdivision 1.

(c) An eligible person may purchase allowable service credit in the general state employees retirement plan of the Minnesota State Retirement System for the period June 30, 1989, by paying an amount equal to 7.63 percent of salary earned after June 18, 1989, to June 30, 1989, and to 8.85 percent of salary earned after June 30, 1989, to September 27, 1989, plus 8.5 percent compound interest on the total equivalent employee and employer contribution amounts from the date on which the contribution would have been deducted or paid if the person had been a member of the general state employees retirement plan of the Minnesota State Retirement System at the time to the date that this portion of the prior service credit purchase payment is made. The payment must be made in a lump sum.

(d) An eligible person who purchased allowable service credit under paragraph (c) has a June 30, 1989, start date for allowable service credited by the general state employees retirement plan of the Minnesota State Retirement System and is eligible for a retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

(e) Authority to purchase prior uncredited allowable service credit under this section expires on August 1, 2013.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 10. **PERA-GENERAL; PURCHASE OF CERTAIN PRIOR NORTHFIELD SERVICE CREDIT.**

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, an eligible person described in paragraph (b) is entitled to repay any prior refund as provided in paragraph (c) and is entitled to purchase service credit as provided in paragraph (d).

(b) An eligible person is a person who:

(1) was born on July 10, 1942;

(2) was employed by the city of Northfield on October 5, 2005;

(3) became a member of the general employees retirement plan of the Public Employees Retirement Association on April 5, 2009;

(4) was employed by the transit division of the city of Northfield until June 29, 2012; and

(5) was eligible for PERA general employees retirement plan membership on October 5, 2005, but was not reported to PERA for membership in a timely fashion.

(c) The eligible person may repay to the general employees retirement fund of the Public Employees Retirement Association any refund of accumulated member contributions and interest previously received, plus interest at an annual rate of 8.5 percent compounded annually from the date on which the refund was paid until the date on which the refund is repaid.

(d) If the eligible person repays all prior refunds under paragraph (c), the eligible person may purchase 43 months of allowable service credit and salary credit from the general employees retirement plan of the Public Employees Retirement Association by making a payment equal to the unpaid member contributions during the period October 5, 2005, until April 5, 2009, plus 8.5 percent interest from the date that each contribution would have been transmitted to the Public Employees Retirement Association until the date that the payment under this paragraph is made.

(e) If the eligible person makes the payment required under paragraph (c) in a timely fashion, within 30 days following notification of that fact by the executive director of the Public Employees Retirement Association, the city of Northfield shall pay the balance of the prior service credit purchase payment amount required under Minnesota Statutes, section 356.551. If the payment by the city of Northfield is not paid in a timely fashion, the executive director shall collect the unpaid amount as provided under Minnesota Statutes, section 353.28, subdivision 6.

(f) Authority to repay a refund and to make a prior service credit purchase payment under this section expires on December 31, 2014.

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

Sec. 11. **PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED CONTRIBUTION PERIOD; WRIGHT COUNTY HIGHWAY DEPARTMENT EMPLOYEE.**

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is entitled to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member deductions described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on March 19, 1959;

(2) is a current employee of the Wright County Highway Department, covered by the general employees retirement plan of the Public Employees Retirement Association;

(3) shifted from temporary to full-time employment with the highway department in April 2007; and

(4) was not reported by Wright County for retirement coverage by and membership in the general employees retirement plan of the Public Employees Retirement Association until March 2012.

(c) The period of uncredited service authorized for purchase is the period from April 2007 through December 2008, during which no member contributions for the general employees retirement plan of the Public Employees Retirement Association were deducted from the eligible person's salary by Wright County, and which could not be corrected through the Public Employees Retirement Association omitted contribution provision due to a three-year time limit in the provision.

(d) Minnesota Statutes, section 356.551, applies to this purchase, except that the purchase payment amount payable by the eligible person is the employee contributions that should have been made, plus 8.5 percent interest compounded annually from the date each deduction should have occurred, until the date paid to the Public Employees Retirement Association. The purchase payment amount payable by Wright County is the balance of the full actuarial value prior service credit purchase payment amount as of the first day of the month next following the receipt of the eligible person's payment that is remaining after deducting the purchase payment amount payable by the eligible person.

(e) The payment amount due from the county under paragraph (d) must be made on or before the 15th of the month next following the receipt of the eligible person's payment under paragraph (d). If the county purchase payment amount is not paid in a timely fashion, the amount due accrues compound monthly interest at the rate of 0.71 percent per month from the first day of the month next following the receipt of the eligible person's payment until the county purchase payment amount is received by the Public Employees Retirement Association. If the county purchase payment amount is not paid to the Public Employees Retirement Association 90 days after the receipt of the eligible person's payment, the executive director shall notify the commissioner of management and budget and the commissioner of revenue of that unpaid obligation and the unpaid obligation must be deducted from any state aid otherwise payable to the county, plus interest.

(f) The eligible person must provide the executive director of the Public Employees Retirement Association with any relevant requested information pertaining to this service credit purchase.

(g) Authority to make a service credit purchase under this section expires on June 30, 2014, or upon the termination from public employment under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

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

ARTICLE 8
MISCELLANEOUS PROVISIONS

Section 1. **[6.496] VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; STATE BOARD OF INVESTMENT OPTIONS.**

(a) Annually, on or before March 1, the state auditor shall provide all volunteer firefighter relief associations with recent and historic investment performance results of the various accounts of the Minnesota supplemental investment fund and information on the process and procedures for a volunteer firefighter relief association to utilize the Minnesota supplemental investment fund as an investment option.

(b) Annually, on or before March 1, the state auditor shall provide all volunteer firefighter relief associations with basic information on the voluntary statewide lump-sum volunteer firefighter retirement plan, that a fire department has the option annually to join the retirement plan, and that, if the fire department joins the retirement plan, future asset investments would be the responsibility of the State Board of Investment.

(c) The information provision required by paragraphs (a) and (b) may be provided in an electronic or other format if the state auditor determines that the format is reasonably accessible by a preponderance of volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 352.03, subdivision 4, is amended to read:

Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

(1) elect a chair;

(2) appoint an executive director;

(3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;

(4) consider and dispose of, or take any other action the board of directors deems appropriate concerning, denials of applications for annuities or disability benefits under this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;

(5) oversee the administration of the deferred compensation plan established in section 352.965; ~~and~~

(6) oversee the administration of the health care savings plan established in section ~~352.98;~~ and

(7) approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(b) The board shall advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control.

Sec. 3. Minnesota Statutes 2012, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers.** (a) The board shall:

(1) elect a president and vice-president;

- (2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund;
- (3) adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure;
- (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and the terms of the applicable benefit plans for the administration and management of the fund, for the payment and collection of payments from members and for the payment of withdrawals and benefits, and that are necessary in order to comply with the applicable federal Internal Revenue Service and Department of Labor requirements;
- (5) pass upon and allow or disallow all applications for membership in the fund and allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;
- (6) adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary and approved under section 356.215, subdivision 18, with interest set at the rate specified in section 356.215, subdivision 8;
- (7) provide for the payment out of the fund of the cost of administering this chapter, of all necessary expenses for the administration of the fund and of all claims for withdrawals, pensions, or benefits allowed; ~~and~~
- (8) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a-; and
- (9) approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.
- (b) In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the fund, as a condition precedent to the passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine their validity and merit.
- (c) The board may continue to authorize the sale of life insurance to members under the insurance program in effect on January 1, 1985, but must not change that program without the approval of the commissioner of management and budget. The association shall not receive any financial benefit from the life insurance program beyond the amount necessary to reimburse the association for costs incurred in administering the program. The association shall not engage directly or indirectly in any other activity involving the sale or promotion of goods or services, or both, whether to members or nonmembers.
- (d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures must define the types of activities and expenses that qualify for reimbursement, must provide that all out-of-state travel be authorized by the board, and must provide for the independent verification of claims for expense reimbursement. The procedures must comply with the applicable rules and policies of the Department of Management and Budget and the Department of Administration.
- (e) The board may purchase fiduciary liability insurance and official bonds for the officers and members of the board of trustees and employees of the association and may purchase property insurance or may establish a self-insurance risk reserve including, but not limited to, data processing insurance and "extra-expense" coverage.

Sec. 4. Minnesota Statutes 2012, section 354.07, subdivision 1, is amended to read:

Subdivision 1. **General powers of board.** The board has the power to frame bylaws for its own government and for the management of the association not inconsistent with the laws of the state and to modify them at its pleasure; to adopt, alter, and enforce reasonable rules not inconsistent with the laws of the state for the administration and management of the association, for the payment and collection of payments from members, and for the payment of withdrawals and benefits; to pass upon and allow or disallow applications for membership in the association and for credit for teaching service; to pass upon and allow or disallow claims for withdrawals, pensions, or benefits payable by the fund; to adopt an appropriate mortality table based on experience of the association as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest assumption specified in section 356.215, subdivision 8; to approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; to establish the schedule for implementation of the approved factors; to notify the Legislative Commission on Pensions and Retirement of the implementation schedule; and to provide for the payment out of the fund of necessary expenses for the administration by the association and of claims for withdrawals, pensions, or benefits allowed.

Sec. 5. Minnesota Statutes 2012, section 354A.021, subdivision 2, is amended to read:

Subd. 2. **Organization; board duties.** (a) Each teachers retirement fund association shall be organized and governed pursuant to this chapter and chapter 317A, except that each association shall be deemed to be a nonprofit corporation without coming within the definition in section 317A.011, subdivision 6. Any corporate action of any teachers retirement fund association taken prior to April 9, 1976, shall be deemed to be valid if it conformed with Minnesota Statutes 1976, chapter 317 or 354A, or Revised Laws 1905, chapter 58, as amended through April 9, 1976.

(b) In addition to the other powers and duties of a board of trustees of a first class city teacher retirement fund association, the board shall approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; shall establish the schedule for implementation of the approved factors; and shall notify the Legislative Commission on Pensions and Retirement of the implementation schedule."

Delete the title and insert:

"A bill for an act relating to retirement; Minnesota State Retirement System, Public Employees Retirement Association, and former local police and paid firefighter relief associations; authorizing investments in swaps; clarifying language; removing obsolete language; revising outdated requirements; revising contribution rate revision procedures; revising disability standards and disability benefit administration procedures; merging the elected state officers retirement plan into the legislators retirement plan; revising pension commission standards provision; revising pension plan financial report contents provision; clarifying coverage of student employees and extending duration of excluded work-study positions; revising military service credit purchase provision for consistency with federal code; clarifying average salary for benefit purposes; clarifying MERF division benefit eligibility; adding Lake County Sunrise Home to privatization chapter; removing legislative approval requirements for privatizations; modifying legislative notification requirements for privatizations; clarifying privatized public hospital pension benefit eligibility; making various administrative changes; eliminating the PERA Social Security leveling optional annuity; revising and repealing various statutes to reflect the recent mergers of local police and salaried firefighter relief associations and consolidation accounts with the public employees police and fire retirement plan; streamlining amortization state aid programs; extending the deadline for participation in the voluntary statewide lump-sum volunteer firefighter retirement plan; requiring municipal approval for deferred service pension interest rate changes by volunteer firefighter relief association boards of trustees; authorizing a resumption of the payment of a death benefit to estates of certain White Bear Lake volunteer firefighter relief association retirees; including Minnesota Association of Professional Employees in MSRS-General plan coverage; authorizing the termination of nonspousal survival designations in optional annuity form elections in certain instances; authorizing certain service

credit purchases; providing instructions to the revisor of statutes; amending Minnesota Statutes 2012, sections 3.85, subdivision 10; 3A.011; 3A.03, subdivision 3; 3A.07; 3A.115; 3A.13; 3A.15; 6.495, subdivisions 1, 3; 6.67; 11A.24, subdivision 1; 13D.01, subdivision 1; 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.774, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381; 352.01, subdivisions 2a, 17b; 352.029, subdivisions 1, 2a, 2b, 3, 5; 352.03, subdivisions 4, 8; 352.045, by adding subdivisions; 352.113, subdivisions 4, 6, 8, by adding subdivisions; 352.115, subdivision 3; 352.22, subdivision 3; 352.87, subdivision 3; 352.93, subdivision 2; 352.95, subdivision 1; 352.955, subdivisions 1, 3; 352B.011, subdivision 13; 352B.08, subdivision 2; 352B.10, subdivision 1, by adding a subdivision; 352D.04, subdivision 2; 353.01, subdivisions 2a, 2b, 6, 10, 16, 17a, 29; 353.03, subdivision 3; 353.27, subdivision 7; 353.29, subdivision 3; 353.34, subdivisions 1, 2; 353.50, subdivisions 3, 6; 353.64, subdivision 1a; 353.651, subdivision 3; 353.656, subdivisions 1, 1a, 3a; 353.657, subdivisions 2, 2a, 3; 353.659; 353.665, subdivisions 1, 5, 8; 353.71, subdivision 1; 353E.04, subdivision 3; 353E.06, subdivision 1; 353F.02, subdivisions 3, 4, 6, by adding a subdivision; 353F.025, subdivisions 1, 2; 353F.03; 353F.04; 353F.05; 353F.051, subdivision 1; 353F.052; 353F.06; 353F.07; 353F.08; 353G.05, subdivision 2; 354.07, subdivision 1; 354.44, subdivision 6; 354A.021, subdivision 2; 354A.31, subdivisions 4, 4a; 356.20, subdivisions 2, 4; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.30, subdivisions 1, 3; 356.315, subdivision 9; 356.401, subdivision 3; 356.406, subdivision 1; 356.415, subdivisions 1, 1a, 1b, 2; 356.48, subdivision 1; 356.635, subdivision 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4, by adding a subdivision; 424A.01, subdivision 6; 424A.015, subdivisions 1, 4; 424A.016, subdivision 6; 424A.02, subdivisions 7, 9; 424A.10, subdivisions 1, 2; 475.52, subdivision 6; 490.121, subdivision 22; 490.124, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3A; 6; 353F; 356; repealing Minnesota Statutes 2012, sections 3A.02, subdivision 3; 69.021, subdivision 6; 69.77, subdivision 3; 352.955, subdivision 2; 352C.001; 352C.091, subdivision 1; 352C.10; 353.29, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14; 353F.02, subdivisions 4, 5; 353F.025, subdivision 3; 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a, 6, 7, 8; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; 423A.22; 424A.10, subdivision 5."

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.

Murphy, M., from the Committee on State Government Finance and Veterans Affairs to which was referred:

H. F. No. 637, A bill for an act relating to elections; modifying provisions related to voter registration; modifying certain election administration procedures for individuals who have been convicted of a felony; appropriating money; amending Minnesota Statutes 2012, sections 201.054, subdivision 2, by adding a subdivision; 201.157; 201.275; 203B.06, subdivision 3; 204C.14; 241.065, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 244.

Reported the same back with the following amendments:

Page 1, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2012, section 201.054, subdivision 2, is amended to read:

Subd. 2. **Prohibitions; penalty; affirmative defense.** (a) No individual shall intentionally:

~~(a)~~ (1) cause or attempt to cause the individual's name to be registered in any precinct if the individual is not eligible to vote;

~~(b)~~ (2) cause or attempt to cause the individual's name to be registered for the purpose of voting in more than one precinct;

~~(c)~~ (3) misrepresent the individual's identity when attempting to register to vote; or

~~(d)~~ (4) aid, abet, counsel, or procure any other individual to violate this subdivision.

A violation of this subdivision is a felony.

(b) It is an affirmative defense to a prosecution for violation of paragraph (a), clause (1), if the individual:

(1) requested, in writing, that the county auditor of the county where the individual resides withdraw the registration, and the request was made before any complaint was filed alleging a violation of paragraph (a), clause (1); and

(2) did not vote at an election between the time the registration application was submitted and the time the individual requested the registration be withdrawn."

Page 6, delete section 9

Amend the title as follows:

Page 1, line 4, delete "appropriating money;"

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.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 642, A bill for an act relating to consumer protection; regulating consumer fraud; amending Minnesota Statutes 2012, section 325F.69, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 647, A bill for an act relating to commerce; renaming the division of insurance fraud; regulating subpoenas issued by the commissioner; modifying certain continuing education requirements; requiring and regulating an annual statement of actuarial opinions of reserves and supporting documentation of property and casualty companies; modifying risk-based capital requirements for certain insurers; modifying funding provisions for workers' compensation self-insurance plans; regulating real estate appraiser licenses; modifying service requests

in connection with Public Utility Commission matters; repealing certain unnecessary laws; amending Minnesota Statutes 2012, sections 45.0135; 45.027, subdivision 2; 45.307; 45.43; 60A.62, subdivision 1; 79A.04, subdivision 3a; 82B.08, by adding a subdivision; 82B.094; 82B.095, subdivision 2; 82B.10, subdivision 1; 82B.13, subdivisions 1, 4, 5, 8, by adding a subdivision; 216.17, subdivisions 2, 4; 216B.18; 299C.40, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 60A; repealing Minnesota Statutes 2012, sections 82B.095, subdivision 1; 115C.09, subdivision 3k; Laws 2000, chapter 488, article 3, section 37.

Reported the same back with the following amendments:

Page 5, line 12, before the period, insert ". provided that the total amount of such civil penalties imposed upon an education provider must not exceed \$10,000 per course offering"

Page 5, after line 12, insert:

"Sec. 5. **[60A.0812] PROHIBITED EXCLUSION; CERTAIN PROPERTY AND CASUALTY POLICIES.**

An automobile insurance policy, personal excess liability policy, or personal umbrella policy must not contain an exclusion of, or limitation on, liability for damages for bodily injury solely because the injured person is a resident or member of the insured's household, or is related to the insured by blood or marriage.

EFFECTIVE DATE. This section is effective January 1, 2014, and applies to policies issued, renewed, or continued on or after that date."

Page 8, after line 4, insert:

"Sec. 9. Minnesota Statutes 2012, section 65B.43, subdivision 5, is amended to read:

Subd. 5. **Insured.** "Insured" means an insured under a plan of reparation security as provided by sections 65B.41 to 65B.71, including the named insured and the following persons not identified by name as an insured while (a) residing in the same household with the named insured and (b) not identified by name in any other contract for a plan of reparation security complying with sections 65B.41 to 65B.71 as an insured:

- (1) a spouse,
- (2) other relative of a named insured, or
- (3) a minor in the custody of a named insured or of a relative residing in the same household with a named insured.

A person resides in the same household with the named insured if that person's home is usually in the same family unit, even though temporarily living elsewhere.

"Insured" does not include an assignment of benefits assignee.

Sec. 10. Minnesota Statutes 2012, section 65B.44, subdivision 2, is amended to read:

Subd. 2. **Medical expense benefits.** (a) Medical expense benefits shall reimburse all reasonable expenses for necessary:

(1) medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices and medically prescribed medical equipment by a licensed physician;

(2) prescription drugs;

(3) ambulance and all other transportation expenses incurred in traveling to receive other covered medical expense benefits;

(4) sign interpreting and language translation services, other than such services provided by a family member of the patient, related to the receipt of medical, surgical, x-ray, optical, dental, chiropractic, hospital, extended care, nursing, and rehabilitative services; and

(5) hospital, extended care, and nursing services.

(b) Hospital room and board benefits may be limited, except for intensive care facilities, to the regular daily semiprivate room rates customarily charged by the institution in which the recipient of benefits is confined.

(c) Such benefits shall also include necessary remedial treatment and services recognized and permitted under the laws of this state for an injured person who relies upon spiritual means through prayer alone for healing in accordance with that person's religious beliefs.

(d) Medical expense loss includes medical expenses accrued prior to the death of a person notwithstanding the fact that benefits are paid or payable to the decedent's survivors.

(e) Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45.

(f) Providers of goods and services for which a medical expense benefit claim is submitted shall notify the appropriate reparation obligor of the date the services were commenced or the goods were first provided within 30 days of determining the identity of the reparation obligor, but in any event not later than 60 days from the date services were commenced or goods were first provided.

(g) Once the reparations obligor has been established, all bills, supporting documentation, and records must be submitted to the reparations obligor not later than 60 days from the date of service.

Sec. 11. Minnesota Statutes 2012, section 65B.44, subdivision 3, is amended to read:

Subd. 3. **Disability and income loss benefits.** (a) Disability and income loss benefits shall provide compensation for 85 percent of the injured person's loss of present and future gross income from inability to work proximately caused by the nonfatal injury subject to a maximum of ~~\$250~~ \$500 per week. Loss of income includes the costs incurred by a self-employed person to hire substitute employees to perform tasks which are necessary to maintain the income of the injured person, which are normally performed by the injured person, and which cannot be performed because of the injury.

(b) If the injured person is unemployed at the time of injury and is receiving or is eligible to receive unemployment benefits under chapter 268, but the injured person loses eligibility for those benefits because of inability to work caused by the injury, disability and income loss benefits shall provide compensation for the lost benefits in an amount equal to the unemployment benefits which otherwise would have been payable, subject to a maximum of ~~\$250~~ \$500 per week.

(c) Compensation under this subdivision shall be reduced by any income from substitute work actually performed by the injured person or by income the injured person would have earned in available appropriate substitute work which the injured person was capable of performing but unreasonably failed to undertake.

(d) For the purposes of this section "inability to work" means disability which prevents the injured person from engaging in any substantial gainful occupation or employment on a regular basis, for wage or profit, for which the injured person is or may by training become reasonably qualified. If the injured person returns to employment and is unable by reason of the injury to work continuously, compensation for lost income shall be reduced by the income received while the injured person is actually able to work. The weekly maximums may not be prorated to arrive at a daily maximum, even if the injured person does not incur loss of income for a full week.

(e) For the purposes of this section, an injured person who is "unable by reason of the injury to work continuously" includes, but is not limited to, a person who misses time from work, including reasonable travel time, and loses income, vacation, or sick leave benefits, to obtain medical treatment for an injury arising out of the maintenance or use of a motor vehicle.

Sec. 12. Minnesota Statutes 2012, section 65B.44, subdivision 4, is amended to read:

Subd. 4. **Funeral and burial expenses.** Funeral and burial benefits shall be reasonable expenses not in excess of ~~\$2,000~~ \$5,000, including expenses for cremation or delivery under the Darlene Luther Revised Uniform Anatomical Gift Act, chapter 525A.

Sec. 13. Minnesota Statutes 2012, section 65B.44, subdivision 5, is amended to read:

Subd. 5. **Replacement service and loss.** Replacement service loss benefits shall ~~reimburse~~ provide payment for all reasonable expenses ~~reasonably~~ incurred by or on behalf of the nonfatally injured person in obtaining usual and necessary substitute services ~~in lieu of those that performed by a nonhousehold member~~, had the injured person not been injured, the injured person would have performed not for income but for direct personal benefit or for the benefit of the injured person's household; ~~if the nonfatally injured person normally, as a full-time responsibility, provides care and maintenance of a home with or without children, the benefit to be provided under this subdivision shall be the reasonable value of such care and maintenance or the reasonable expenses incurred in obtaining usual and necessary substitute care and maintenance of the home, whichever is greater.~~ These benefits shall be subject to a maximum of \$200 per week. All replacement services loss sustained on the date of injury and the first seven days thereafter is excluded in calculating replacement services loss.

Sec. 14. Minnesota Statutes 2012, section 65B.44, subdivision 6, is amended to read:

Subd. 6. **Survivors economic loss benefits.** Survivors economic loss benefits, in the event of death occurring within one year of the date of the accident, caused by and arising out of injuries received in the accident, are subject to a maximum of ~~\$200~~ \$500 per week and shall cover loss accruing after decedent's death of contributions of money or tangible things of economic value, not including services, that surviving dependents would have received from the decedent for their support during their dependency had the decedent not suffered the injury causing death.

For the purposes of definition under sections 65B.41 to 65B.71, the following described persons shall be presumed to be dependents of a deceased person: (a) a wife is dependent on a husband with whom she lives at the time of his death; (b) a husband is dependent on a wife with whom he lives at the time of her death; (c) any child while under the age of 18 years, or while over that age but physically or mentally incapacitated from earning, is dependent on the parent with whom the child is living or from whom the child is receiving support regularly at the time of the death of such parent; or (d) an actual dependent who lives with the decedent at the time of the decedent's death. Questions of the existence and the extent of dependency shall be questions of fact, considering the support regularly received from the deceased.

Payments shall be made to the dependent, except that benefits to a dependent who is a child or an incapacitated person may be paid to the dependent's surviving parent or guardian. Payments shall be terminated whenever the recipient ceases to maintain a status which if the decedent were alive would be that of dependency.

Sec. 15. Minnesota Statutes 2012, section 65B.47, subdivision 4, is amended to read:

Subd. 4. **Other cases.** In all other cases, the following priorities apply:

(a) The security for payment of basic economic loss benefits applicable to injury to an insured is the security under which the injured person is an insured.

(b) The security for payment of basic economic loss benefits applicable to injury to the driver or other occupant of an involved motor vehicle who is not an insured is the security covering that vehicle.

(c) The security for payment of basic economic loss benefits applicable to injury to a person not otherwise covered who is not the driver or other occupant of an involved motor vehicle is the security covering any involved motor vehicle. An unoccupied parked vehicle is not an involved motor vehicle unless it was parked so as to cause unreasonable risk of injury.

(d) The security for payment of basic economic loss benefits applicable to a person who is injured in or by a vehicle listed in section 168.012, subdivision 1, paragraph (a), is the security under which the injured person is an insured.

Sec. 16. Minnesota Statutes 2012, section 65B.47, subdivision 5, is amended to read:

Subd. 5. **Contribution.** If two or more obligations to pay basic economic loss benefits are applicable to an injury under the priorities set out in this section, benefits are payable only once and the reparation obligor against whom a claim is asserted ~~shall~~ must process and pay the claim as if wholly responsible, but the reparation obligor is thereafter entitled to recover contribution pro rata for the basic economic loss benefits paid and the costs of processing the claim. A reparation obligor failing to comply with this subdivision is liable for interest as prescribed in section 65B.54. Where contribution is sought among reparation obligors responsible under subdivision 4, clause (c), proration shall be based on the number of involved motor vehicles.

Sec. 17. Minnesota Statutes 2012, section 65B.49, subdivision 3a, is amended to read:

Subd. 3a. **Uninsured and underinsured motorist coverages.** (1) No plan of reparation security may be renewed, delivered or issued for delivery, or executed in this state with respect to any motor vehicle registered or principally garaged in this state unless separate uninsured and underinsured motorist coverages are provided therein. Each coverage, at a minimum, must provide limits of \$25,000 because of injury to or the death of one person in any accident and \$50,000 because of injury to or the death of two or more persons in any accident. In the case of injury to, or the death of, two or more persons in any accident, the amount available to any one person must not exceed the coverage limit provided for injury to, or the death of, one person in any accident.

(2) Every owner of a motor vehicle registered or principally garaged in this state shall maintain uninsured and underinsured motorist coverages as provided in this subdivision.

(3) No reparation obligor is required to provide limits of uninsured and underinsured motorist coverages in excess of the bodily injury liability limit provided by the applicable plan of reparation security.

(4) No recovery shall be permitted under the uninsured and underinsured motorist coverages of this section for basic economic loss benefits paid or payable, or which would be payable but for any applicable deductible for policies of coverage above the minimum limits provided by this chapter.

(5) If at the time of the accident the injured person is occupying a motor vehicle, the limit of liability for uninsured and underinsured motorist coverages available to the injured person is the limit specified for that motor vehicle. However, if the injured person is occupying a motor vehicle of which the injured person is not an insured,

the injured person may be entitled to excess insurance protection afforded by a policy in which the injured party is otherwise insured. The excess insurance protection is limited to the extent of covered damages sustained, and further is available only to the extent by which the limit of liability for like coverage applicable to any one motor vehicle listed on the automobile insurance policy of which the injured person is an insured exceeds the limit of liability of the coverage available to the injured person from the occupied motor vehicle.

If at the time of the accident the injured person is not occupying a motor vehicle or motorcycle, the injured person is entitled to select any one limit of liability for any one vehicle afforded by a policy under which the injured person is insured.

(6) Regardless of the number of policies involved, vehicles involved, persons covered, claims made, vehicles or premiums shown on the policy, or premiums paid, in no event shall the limit of liability for uninsured and underinsured motorist coverages for two or more motor vehicles be added together to determine the limit of insurance coverage available to an injured person for any one accident.

(7) The uninsured and underinsured motorist coverages required by this subdivision do not apply to bodily injury of the insured while occupying a motor vehicle owned by the insured, unless the occupied vehicle is an insured motor vehicle.

(8) The uninsured and underinsured motorist coverages required by this subdivision do not apply to bodily injury of the insured while occupying a motorcycle owned by the insured.

Sec. 18. Minnesota Statutes 2012, section 65B.525, subdivision 1, is amended to read:

Subdivision 1. **Mandatory submission to binding arbitration.** (a) Except as otherwise provided in section 72A.327, the Supreme Court and the several courts of general trial jurisdiction of this state shall by rules of court or other constitutionally allowable device, provide for the mandatory submission to binding arbitration of all cases at issue where the claim at the commencement of arbitration is in an amount of \$10,000 or less against any insured's reparation obligor for no-fault benefits or comprehensive or collision damage coverage.

(b) If assigned claims against a reparation obligor are submitted pursuant to this section, the aggregate amount of the claims is considered to be one claim for purposes of the jurisdictional dollar limitation in paragraph (a). Aggregated or consolidated claims in excess of \$10,000 must be recovered in an action in district court.

Sec. 19. Minnesota Statutes 2012, section 65B.54, subdivision 2, is amended to read:

Subd. 2. **Interest on overdue payments.** Overdue payments shall bear simple interest at the rate of 15 percent per annum. Once an obligor has denied benefits from a specific provider, made a blanket denial of a type of benefits, or issued a general denial of benefits, interest is due on all overdue benefits within the scope of the denial, regardless of whether the insured or provider continues to provide ongoing proof of the fact and amount of each additional loss incurred.

Sec. 20. Minnesota Statutes 2012, section 65B.54, is amended by adding a subdivision to read:

Subd. 7. **Wrongful provider liens.** A licensed health care provider who makes, files, perfects, or records a wrongful lien against the property of an insured for unpaid medical expense benefits is liable to the insured for \$1,000 or actual damages, whichever is greater, and for reasonable attorney fees and costs.

For purposes of this subdivision, "wrongful lien" means a document that the health care provider knows, or has reason to know:

(1) is groundless;

(2) contains a material misstatement or false claim; or

(3) attempts to preserve and enforce a legal interest or right in the insured's property when none is provided by law.

Sec. 21. Minnesota Statutes 2012, section 65B.54, is amended by adding a subdivision to read:

Subd. 8. Health care provider claims arbitration limited. A health care provider shall not submit any medical benefit claims to arbitration pursuant to section 65B.525 as an assignment of benefits assignee.

Sec. 22. Minnesota Statutes 2012, section 65B.56, subdivision 1, is amended to read:

Subdivision 1. **Medical Physical examinations or evaluations and discovery of condition of claimant.** Any person with respect to whose injury benefits are claimed under a plan of reparation security shall, upon request of the reparation obligor from whom recovery is sought, submit to a physical examination or evaluation by a physician or ~~physicians~~ licensed provider or other providers selected by the obligor as may reasonably be required. The person being examined for physical injuries is entitled upon request to have a nonmedical observer present at any examination for physical injuries done pursuant to this subdivision. The nonmedical observer shall not record or otherwise interfere with the examination.

The costs of any examinations requested by the obligor shall be borne entirely by the requesting obligor. Such examinations shall be conducted within the city, town, or statutory city of residence of the injured person. Examinations must not be conducted in hotel or motel facilities. If there is no qualified ~~physician~~ physician examiner to conduct the examination within the city, town, or statutory city of residence of the injured person, then such examination shall be conducted at another place of the closest proximity to the injured person's residence. If the injured person has moved out of Minnesota, the examination may take place at the reparation obligor's expense in or near the last city of residence within Minnesota. Obligor's are authorized to include reasonable provisions in policies for mental and physical examination of those injured persons.

If requested by the person examined, a party causing an examination to be made shall deliver to the examinee a copy of every written report concerning the examination rendered by an examining physician to that person, at least one of which reports must set out in detail the findings and conclusions of ~~such examining physician~~ the examiner.

An injured person shall also do all things reasonably necessary to enable the obligor to obtain medical reports and other needed information to assist in determining the nature and extent of the injured person's injuries and loss, and the medical treatment received. If the claimant refuses to cooperate in responding to requests for examination and information as authorized by this section, evidence of such noncooperation shall be admissible in any suit or arbitration filed for damages for such personal injuries or for the benefits provided by sections 65B.41 to 65B.71.

The provisions of this section apply before and after the commencement of suit.

Sec. 23. Minnesota Statutes 2012, section 72A.327, is amended to read:

72A.327 HEALTH CLAIMS; RIGHTS OF APPEAL.

(a) An insured whose claim for medical benefits under chapter 65B is denied because the treatment or services for which the claim is made is claimed to be experimental, investigative, not medically necessary, or otherwise not generally accepted by licensed health care providers and for which the insured has financial responsibility in excess of applicable co-payments and deductibles may appeal the denial to the commissioner. For purposes of this section, "insured" does not include an assignment of benefits assignee.

(b) This section does not apply to claims for health benefits which have been arbitrated under section 65B.525, subdivision 1.

(c) A three-member panel shall review the denial of the claim and report to the commissioner. The commissioner shall establish a list of qualified individuals who are eligible to serve on the panel. In establishing the list, the commissioner shall consult with representatives of the contributing members as defined in section 65B.01, subdivision 2, and professional societies. Each panel must include: one person with medical expertise as identified by the contributing members; one person with medical expertise as identified by the professional societies; and one public member. The commissioner, upon initiation of an arbitration, shall select from each list three potential arbitrators and shall notify the issuer and the claimant of the selection. Each party shall strike one of the potential arbitrators and an arbitrator shall be selected by the commissioner from the remaining names of potential arbitrators if more than one potential arbitrator is left. In the event of multiparty arbitration, the commissioner may increase the number of potential arbitrators and divide the strikes so as to afford an equal number of strikes to each adverse interest. If the selected arbitrator is unable or unwilling to serve for any reason, the commissioner may appoint an arbitrator, which will be subject to challenge only for cause. The party that denied the coverage has the burden of proving that the services or treatment are experimental, investigative, not medically necessary, or not generally accepted by licensed health care professionals. In determining whether the burden has been met, the panel may consider expert testimony, medical literature, and any other relevant sources. If the party fails to sustain its burden, the commissioner may order the immediate payment of the claim. All proceedings of the panel and any documents received or developed by the review process are nonpublic.

(d) A person aggrieved by an order under this section may appeal the order. The appeal shall be pursuant to section 65B.525 where appropriate, or to the district court for a trial de novo, in all other cases. In nonemergency situations, if the insurer has an internal grievance or appeal process, the insured must exhaust that process before the external appeal. In no event shall the internal grievance process exceed the time limits described in section 72A.201, subdivision 4a.

(e) If prior authorization is required before services or treatment can be rendered, an appeal of the denial of prior authorization may be made as provided in this section.

(f) The commissioner shall adopt procedural rules for the conduct of appeals.

~~(g) The permanent rulemaking authority granted in this section is effective June 2, 1989, regardless of the actual effective date of January 1, 1990."~~

Page 16, after line 17, insert:

"Sec. 40. **EFFECTIVE DATE; APPLICATION.**

Sections 9 to 23 are effective January 1, 2014, and apply to plans of reparation security issued or renewed on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "regulating certain coverages; prohibiting certain exclusions; modifying no-fault benefits and coverages, arbitration and health claims appeals, and provider liens;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 655, A bill for an act relating to energy; regulating the routing process for high-voltage transmission lines; prohibiting the designation of a preferred route in the permitting process; modifying condemnation procedures; amending Minnesota Statutes 2012, sections 216E.03, subdivision 3; 216E.12, subdivision 4.

Reported the same back with the following amendments:

Page 1, delete section 2

Amend the title as follows:

Page 1, line 4, delete everything before "amending"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 694, A bill for an act relating to debt management and debt settlement; clarifying exemption for attorneys at law; modifying regulation of debt settlement services; amending Minnesota Statutes 2012, sections 332A.02, subdivision 8, by adding a subdivision; 332B.02, subdivision 13, by adding a subdivision; 332B.06, subdivisions 1, 4; 332B.09.

Reported the same back with the following amendments:

Page 2, delete lines 19 to 25 and insert:

"Subd. 10a. **Exempt attorney at law.** "Exempt attorney at law" means an attorney licensed or otherwise authorized to practice law in this state:

(1) whose exclusive or principal practice does not involve the provision of debt management services; and

(2) who does not have a business relationship with a debt management services provider that involves the provision of debt management services."

Page 3, delete lines 3 to 9 and insert:

"Subd. 13a. **Exempt attorney at law.** "Exempt attorney at law" means an attorney licensed or otherwise authorized to practice law in this state:

(1) whose exclusive or principal practice does not involve the provision of debt settlement services; and

(2) who does not have a business relationship with a debt settlement services provider that involves the provision of debt settlement services."

Page 4, line 27, reinstate the stricken "under" and delete "by"

Page 5, line 16, after the comma, insert "no greater than"

Page 5, line 18, after the comma, insert "no greater than"

With the recommendation that when so amended the bill pass.

The report was adopted.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 739, A bill for an act relating to human services; modifying provisions related to children and family services; changing data practices provisions; changing provisions related to contractual agreements with tribes, child care programs, community action agencies, the Minnesota family investment program, general assistance, group residential housing, and reporting maltreatment; amending Minnesota Statutes 2012, sections 13.46, subdivision 2; 119B.02, subdivision 2; 119B.09, subdivisions 6, 13; 256D.05, by adding a subdivision; 256D.405, subdivision 1; 256E.30, by adding a subdivision; 256I.04, subdivision 1a; 256J.09, subdivision 3; 256J.20, subdivision 3; 256J.21, subdivision 2; 256J.24, subdivision 3; 256J.30, subdivisions 4, 12; 256J.32, subdivisions 6, 8; 256J.38, subdivision 6; 256J.49, subdivision 13; 256J.521, subdivisions 1, 2; 256J.53, subdivisions 2, 5; 256J.621; 256J.626, subdivisions 5, 6, 7, 8; 256J.67; 256J.68, subdivisions 1, 2, 4, 7, 8; 256J.751, subdivision 2; 256K.26, subdivision 4; 260C.503, subdivision 2; 260C.615; 626.556, subdivisions 2, 7, 11c; 626.5561, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 260D.

Reported the same back with the following amendments:

Page 33, line 18, reinstate the stricken "(a)"

Page 33, line 23, reinstate the stricken language and delete the new language

Page 33, delete lines 24 to 33

Page 34, delete lines 1 to 2

Page 34, after line 5, insert:

"(b) A responsible social services agency requesting the commissioner's consent for a physician's order not to resuscitate or intubate or for an order for other end-of-life care must submit the request according to procedures established by the commissioner. Before responding to the request, the commissioner may require consultation regarding the child's medical care with an ethics expert who is a staff member who provides consultation on ethics issues or coordinates ethics reviews and is employed by or associated with a hospital designated by the commissioner.

"(c) An individual or entity, including a hospital, who provides ethics consultation to the commissioner under this subdivision is not civilly or criminally liable for advice or opinions given regarding the care of the child if the individual or entity acts in good faith and in accordance with applicable medical standards of care."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 740, A bill for an act relating to state lands; modifying landowners' bill of rights; modifying land acquisition account; providing for school forests; providing for sale of certain tax-forfeited land within Fond du Lac Indian Reservation; adding to and deleting from state parks and forests; authorizing certain exchanges and sales of state lands; amending Minnesota Statutes 2012, sections 84.0274, subdivision 6; 89.41; 94.165; 282.01, subdivisions 1a, 1d.

Reported the same back with the following amendments:

Page 11, delete section 11 and insert:

"Sec. 11. **FOND DU LAC RESERVATION LANDS; CARLTON COUNTY.**

(a) If a parcel of land subject to sale under Minnesota Statutes, sections 282.01 to 282.13, includes land within the Fond du Lac Indian Reservation, the Carlton County auditor shall first offer the land to the Fond du Lac band of Lake Superior Chippewa for sale at the appraised value. The cost of any survey or appraisal must be added to and made a part of the appraised value. To determine whether the band wants to buy the land, the Carlton County auditor shall give written notice to the band. If the band wants to buy the land, the band shall submit a written offer to the Carlton County auditor within two weeks after receiving the notice. If the offer is for at least the appraised value, the Carlton County auditor shall accept it.

(b) The following parcels are exempt from the requirements of paragraph (a):

(1) Government Lot 4, Section 5, Township 49 North, Range 18 West (parcel ID number 92-010-0790);

(2) the Northwest Quarter of the Southwest Quarter or Government Lot 11, Section 5, Township 49 North, Range 18 West (parcel ID number 92-010-0830); and

(3) the Southeast Quarter of the Southwest Quarter, Section 4, Township 49 North, Range 18 West (parcel ID number 92-010-0670).

EFFECTIVE DATE. This section is effective the day after the governing body of Carlton County and its chief clerical officer timely comply with Minnesota Statutes, section 645.021."

Page 16, after line 32, insert:

"Sec. 20. **PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; HUBBARD COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Hubbard County may sell the tax-forfeited land bordering public waters that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Hubbard County and is described as: parcel ID No. 22-30-04021.

(d) The county has determined that the county's land management interests would be best served if the land was returned to private ownership.

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

Renumber the sections in sequence and correct the internal references

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

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 742, A bill for an act relating to natural resources; modifying commissioner's authorities and duties; modifying definitions; modifying watercraft provisions; providing for certain license seizures; modifying game and fish license provisions; modifying requirements for taking game and fish; providing for certain all-terrain vehicle registration and watercraft license exemptions; modifying nonresident all-terrain vehicle state trail pass requirements; requiring rulemaking; amending Minnesota Statutes 2012, sections 84.027, subdivision 13, by adding subdivisions; 84.922, subdivision 1a; 84.9275, subdivision 1; 86B.005, subdivision 18, by adding subdivisions; 86B.301, subdivision 2; 86B.501, subdivision 1; 86B.825, subdivision 2; 97A.135, subdivision 3; 97A.420, subdivision 1; 97A.441, subdivisions 6, 6a; 97A.445, subdivision 1; 97A.451, subdivisions 3, 3b, 4, 5, by adding a subdivision; 97A.475, subdivisions 2, 8; 97A.485, subdivision 6; 97B.0215; 97B.022, subdivision 2; 97B.055, subdivision 2; 97B.071; 97B.112; 97C.341; 97C.345, subdivisions 1, 2; 97C.375; 97C.376, subdivisions 1, 2, 3; repealing Minnesota Statutes 2012, sections 97A.451, subdivision 4a; 97C.346.

Reported the same back with the following amendments:

Page 4, after line 30, insert:

"Sec. 6. Minnesota Statutes 2012, section 84D.01, subdivision 15a, is amended to read:

Subd. 15a. **Service provider.** "Service provider" means an individual who or entity that:

(1) decontaminates, installs, or removes water-related equipment or structures into or from waters of the state for hire or as a service provided as a benefit of membership in a yacht club, boat club, marina, or similar organization; or

(2) rents or leases water-related equipment that will be used in, placed into, or removed from waters of the state.

Service provider does not include a person working under the supervision of an individual with a valid service provider permit issued under section 84D.108.

Sec. 7. Minnesota Statutes 2012, section 84D.03, subdivision 4, is amended to read:

Subd. 4. **Commercial fishing and turtle, frog, and crayfish harvesting restrictions in infested and noninfested waters.** (a) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is designated because it contains invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, may not be used in any other waters. If a commercial licensee operates in an infested water designated because it contains invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, all nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in waters designated as infested with invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, must be tagged with tags provided by the commissioner, as specified in the commercial licensee's license or permit. This tagging requirement does not apply to commercial fishing equipment used in Lake Superior.

(b) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is designated solely because it contains Eurasian water milfoil must be dried for a minimum of ten days or frozen for a minimum of two days before they are used in any other waters, except as provided in this paragraph. Commercial licensees must notify the department's regional or area fisheries office or a conservation officer before removing nets or equipment from an infested water designated solely because it contains Eurasian water milfoil and before resetting those nets or equipment in any other waters. Upon notification, the commissioner may authorize a commercial licensee to move nets or equipment to another water without freezing or drying, if that water is designated as infested solely because it contains Eurasian water milfoil.

(c) A commercial licensee must remove all aquatic macrophytes from nets and other equipment ~~when the nets and equipment are removed from~~ before placing the equipment into waters of the state.

(d) The commissioner shall provide a commercial licensee with a current listing of designated infested waters at the time that a license or permit is issued.

Sec. 8. Minnesota Statutes 2012, section 84D.09, is amended to read:

84D.09 AQUATIC MACROPHYTES.

Subdivision 1. **Transportation prohibited.** Unless specifically authorized under a license or permit issued by the commissioner, a person may not transport aquatic macrophytes, except as provided in this section.

Subd. 2. **Exceptions.** Unless otherwise prohibited by law, a person may transport aquatic macrophytes:

- (1) that are duckweeds in the family Lemnaceae;
- ~~(2) for disposal as part of a harvest or control activity when specifically authorized under an aquatic plant management permit pursuant to section 103G.615, under permit pursuant to section 84D.11, or as specified by the commissioner;~~
- ~~(3) (2) for purposes of constructing shooting or observation blinds in amounts sufficient for that purpose, provided that the aquatic macrophytes are emergent and cut above the waterline;~~
- ~~(4) (3) when legally purchased or traded by or from commercial or hobbyist sources for aquarium, wetland or lakeshore restoration, or ornamental purposes;~~
- ~~(5) (4) when harvested for personal or commercial use if in a motor vehicle;~~
- ~~(6) (5) to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying a species or reporting the presence of a species;~~
- ~~(7) when transporting commercial aquatic plant harvesting or control equipment to a suitable location for purposes of cleaning any remaining aquatic macrophytes;~~
- ~~(8) (6) that are wild rice harvested under section 84.091;~~
- ~~(9) (7) in the form of fragments of emergent aquatic macrophytes incidentally transported in or on watercraft or decoys used for waterfowl hunting during the waterfowl season; or~~
- ~~(10) (8) when removing water-related equipment from waters of the state for purposes of cleaning off aquatic macrophytes before leaving a water access site.~~

Sec. 9. Minnesota Statutes 2012, section 84D.10, subdivision 1, is amended to read:

Subdivision 1. **Launching prohibited.** A person may not place or attempt to place into waters of the state water-related equipment, including aquatic plant harvesting or control equipment that has aquatic macrophytes, ~~zebra mussels~~, or prohibited invasive species attached except as provided in this section.

Sec. 10. Minnesota Statutes 2012, section 84D.10, subdivision 4, is amended to read:

Subd. 4. **Persons transporting water-related equipment.** (a) When leaving waters of the state a person must drain water-related equipment holding water and live wells and bilges by removing the drain plug before transporting the water-related equipment off the water access site or riparian property.

(b) Drain plugs, bailers, valves, or other devices used to control the draining of water from ballast tanks, bilges, and live wells must be removed or opened while transporting water-related equipment.

(c) Emergency response vehicles and equipment may be transported on a public road with the drain plug or other similar device replaced only after all water has been drained from the equipment upon leaving the water body.

(d) Portable bait containers used by licensed aquatic farms, portable bait containers when fishing through the ice except on waters designated infested for viral hemorrhagic septicemia, and marine sanitary systems are exempt from this subdivision.

(e) A person must not dispose of bait in waters of the state.

(f) A boat lift, dock, swim raft, or associated equipment that has been removed from any water body may not be placed in another water body until a minimum of 21 days have passed.

(g) A person who transports water that is appropriated from noninfested surface water bodies and that is transported by a commercial vehicle, excluding watercraft, or commercial trailer, which vehicle or trailer is specifically designed and used for water hauling, is exempt from paragraphs (a) and (b), provided that the person does not discharge the transported water to other surface waters or within 100 feet of a surface water body.

(h) A person transporting water from noninfested surface water bodies for firefighting or emergencies that threaten human safety or property is exempt from paragraphs (a) and (b).

Sec. 11. Minnesota Statutes 2012, section 84D.105, subdivision 2, is amended to read:

Subd. 2. **Inspector authority.** (a) The commissioner shall train and authorize individuals to inspect water-related equipment for aquatic macrophytes, aquatic invasive species, and water. The commissioner may enter into a delegation agreement with a tribal or local government where inspection authority as provided under paragraphs (b), (g), and (h) is delegated to tribal and local governments that assume all legal, financial, and administrative responsibilities for inspection programs on some or all public waters within their jurisdiction.

(b) Inspectors may visually and tactilely inspect watercraft and water-related equipment to determine whether aquatic invasive species, aquatic macrophytes, or water is present. If a person transporting watercraft or water-related equipment refuses to take required corrective actions or fails to comply with an order under section 84D.10, subdivision 3, an inspector who is not a licensed peace officer shall refer the violation to a conservation officer or other licensed peace officer.

(c) In addition to paragraph (b), a conservation officer or other licensed peace officer may inspect any watercraft or water-related equipment that is stopped at a water access site, any other public location in the state, or a private location where the watercraft or water-related equipment is in plain view, if the officer determines there is reason to believe that aquatic invasive species, aquatic macrophytes, or water is present on the watercraft or water-related equipment.

(d) Conservation officers or other licensed peace officers may utilize check stations in locations, or in proximity to locations, where watercraft or other water-related equipment is placed into or removed from waters of the state. Any check stations shall be operated in a manner that minimizes delays to vehicles, equipment, and their occupants.

(e) Conservation officers or other licensed peace officers may order water-related equipment to be removed from a water body if the commissioner determines such action is needed to implement aquatic invasive species control measures.

(f) The commissioner may require mandatory inspections of water-related equipment before a person places or removes water-related equipment into or out of a water body. Inspection stations may be located at or near public water accesses or in locations that allow for servicing individual or multiple water bodies. The commissioner shall ensure that inspection stations:

(1) have adequate staffing to minimize delays to vehicles and their occupants;

(2) allow for reasonable travel times between public accesses and inspection stations if inspection is required before placing water-related equipment into a water body;

(3) are located so as not to create traffic delays or public safety issues;

(4) have decontamination equipment available to bring water-related equipment into compliance; and

(5) do not reduce the capacity or hours of operation of public water accesses.

(g) The commissioner may authorize tribal and local governments that enter into a delegation agreement with the commissioner to conduct mandatory inspections of water-related equipment at specified locations within a defined area before a person places or removes water-related equipment into or out of a water body. Tribal and local governments that are authorized to conduct inspections under this paragraph must:

(1) assume all legal, financial, and administrative responsibilities for implementing the mandatory inspections, alone or in agreement with other tribal or local governments;

(2) employ inspectors that have been trained and authorized by the commissioner;

(3) conduct inspections and decontamination measures in accordance with guidelines approved by the commissioner;

(4) have decontamination equipment available at inspection stations or identify alternative decontamination equipment locations within a reasonable distance of the inspection station that can bring water-related equipment into compliance;

(5) provide for inspection station locations that do not create traffic delays or public safety issues; and

(6) submit a plan approved by the commissioner according to paragraph (h).

(h) Plans required under paragraph (g) must address:

(1) no reduction in capacity or hours of operation of public accesses and fees that do not discourage or limit use;

(2) reasonable travel times between public accesses and inspection stations;

(3) adequate staffing to minimize wait times and provide adequate hours of operation at inspection stations and public accesses;

(4) adequate enforcement capacity;

(5) measures to address inspections of water-related equipment at public water accesses for commercial entities and private riparian land owners; and

(6) other elements as required by the commissioner to ensure statewide consistency, appropriate inspection and decontamination protocols, and protection of the state's resources, public safety, and access to public waters.

(i) A government unit authorized to conduct inspections under this subdivision must submit an annual report to the commissioner summarizing the results and issues related to implementing the inspection program.

(j) The commissioner may waive the plan requirement in paragraph (g) for inspection programs where authorized inspectors are placed directly at one or more water access sites, with no requirement for a person to travel from the water access for inspection or decontamination, and no local ordinance or other regulation requiring a mandatory inspection before placing watercraft or water-related equipment into a water body or after watercraft or water-related equipment are removed from a water body.

Sec. 12. Minnesota Statutes 2012, section 84D.11, is amended by adding a subdivision to read:

Subd. 2b. **Transport of water.** The commissioner may issue a permit under this section or an authorization under other licenses or permits pursuant to sections 97C.801, 97C.811, and 103G.271 to allow the transport of water in containers or water-related equipment specifically designed and used for hauling water.

Sec. 13. Minnesota Statutes 2012, section 84D.11, is amended by adding a subdivision to read:

Subd. 2c. **Transport of aquatic macrophytes.** The commissioner may issue a permit to allow the transport of aquatic macrophytes to locations specified in the permit for purposes of research, education, and decontaminating equipment.

Sec. 14. Minnesota Statutes 2012, section 84D.11, is amended by adding a subdivision to read:

Subd. 2d. **Special permits.** The commissioner may issue special permits for the activities in this section. A special permit may be issued in the form of a general permit to a governmental subdivision or to the general public to conduct one or more activities under a single permit.

Sec. 15. Minnesota Statutes 2012, section 84D.13, subdivision 2, is amended to read:

Subd. 2. **Cumulative remedy.** The authority of conservation officers and other licensed peace officers to issue civil citations is in addition to other remedies available under law, except that the state may not seek penalties under any other provision of law for the incident subject to the citation.

Sec. 16. Minnesota Statutes 2012, section 84D.13, is amended by adding a subdivision to read:

Subd. 9. **Training for offenders.** A person who is convicted of or subject to a final order for a violation of this chapter involving water-related equipment must successfully complete a training course as provided in section 86B.13.

EFFECTIVE DATE. This section is effective July 1, 2015."

Page 5, after line 12, insert:

"Sec. 20. Minnesota Statutes 2012, section 86B.13, is amended by adding a subdivision to read:

Subd. 1a. **Training for offenders.** A person who is convicted of or subject to a final order for a violation of chapter 84D involving water-related equipment must successfully complete the training course in subdivision 1 before continuing operation or use of water-related equipment.

EFFECTIVE DATE. This section is effective July 1, 2015."

Page 19, line 3, delete "31 to 35" and insert "43 to 45"

Page 19, delete section 42 and insert:

"Sec. 54. **REPEALER.**

(a) Minnesota Statutes 2012, sections 84D.01, subdivision 22; 97A.451, subdivision 4a; and 97C.346, are repealed.

(b) Laws 2011, First Special Session chapter 2, article 5, section 69, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective retroactively from July 1, 2012."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the first semicolon, insert "modifying invasive species provisions;"

Correct the title numbers accordingly

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.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 745, A bill for an act relating to municipalities; authorizing municipalities to establish street improvement districts and apportion street improvement fees within districts; requiring adoption of street improvement plan; authorizing collection of fees; proposing coding for new law in Minnesota Statutes, chapter 435.

Reported the same back with the following amendments:

Page 2, after line 4, insert:

"(h) "Undeveloped parcel" means a parcel of land that abuts an unimproved municipal street and that is not served by municipal sewer or water utilities; or in the case of a parcel abutting an improved municipal street and served by municipal sewer or water utilities, the parcel contains a structure that has not previously been occupied."

Page 2, line 8, after the period, insert "A street improvement district must not include any property already located in another street improvement district."

Page 2, line 33, delete "Notice; hearings" and insert "Improvement fee"

Page 2, line 34, after "after" insert "public notice is provided and"

Page 2, line 35, delete "has been held on the question" and insert "is held in the same manner as provided in subdivision 4"

Page 3, after line 5, insert:

"Subd. 9. Undeveloped parcels; fees. A municipality may not impose a street improvement fee on any undeveloped parcel located within an established street improvement district until at least three years after either the date of substantial completion of the paving of the previous unimproved municipal street or the date which a previously unoccupied structure is first occupied, whichever is later."

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

The report was adopted.

Mahoney from the Committee on Jobs and Economic Development Finance and Policy to which was referred:

H. F. No. 758, A bill for an act relating to workforce development; adding a representative from adult basic education programs to the Workforce Development Council; amending Minnesota Statutes 2012, section 116L.665, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 767, A bill for an act relating to human services; making changes to continuing care provisions; modifying provisions related to advisory task forces, nursing homes, resident relocation, medical assistance, long-term care consultation services, assessments, and reporting of maltreatment; requiring a report; amending Minnesota Statutes 2012, sections 15.014, subdivision 2; 144.0724, subdivision 12; 144A.071, subdivision 4d; 144A.161; 256B.056, subdivision 3; 256B.057, subdivision 9; 256B.0652, subdivision 5; 256B.0659, subdivision 7, by adding a subdivision; 256B.0911, subdivision 3a; 256B.092, subdivision 7; 256B.441, subdivisions 1, 43, 63; 256B.49, subdivision 14; 256B.492; 626.557, subdivision 10; repealing Minnesota Statutes 2012, section 256B.437, subdivision 8; Laws 2012, chapter 216, article 11, section 31.

Reported the same back with the following amendments:

Page 1, line 23, delete the new language

Page 1, line 24, delete the new language, and after the period, insert "Task forces mandated by court order must not be counted for purposes of the limit on the number of task forces whose members may be paid expenses."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Huntley from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 779, A bill for an act relating to health plan regulation; establishing health plan market rules; modifying the designation of essential community providers; amending Minnesota Statutes 2012, section 62Q.19, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 62K.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[62K.01] TITLE.**

This chapter may be cited as the "Minnesota Health Plan Market Rules."

Sec. 2. **[62K.02] PURPOSE AND SCOPE.**

Subdivision 1. **Purpose.** The market rules set forth in this chapter serve to clarify and provide guidance on the application of state law and certain requirements of the Affordable Care Act on all health carriers offering health plans in Minnesota, whether or not through the Minnesota Insurance Marketplace, to ensure fair competition for all health carriers in Minnesota, to minimize adverse selection, and to ensure that health plans are offered in a manner that protects consumers and promotes the provision of high-quality affordable health care, and improved health outcomes. This chapter contains the regulatory requirements as specified in section 62V.05, subdivision 5, paragraph (b), and shall fully satisfy the requirements of section 62V.05, subdivision 5, paragraph (b).

Subd. 2. **Scope.** (a) This chapter applies only to health plans offered in the individual market or the small group market, except short-term coverage as defined in section 62A.65, subdivision 7, or grandfathered plan coverage as defined in Minnesota Statutes, section 62A.011, subdivision 1c, if enacted in the 2013 regular legislative session.

(b) This chapter applies to health carriers with respect to individual health plans and small group health plans, unless otherwise specified.

(c) If a health carrier issues or renews individual or small group health plans in other states, this chapter applies only to health plans issued or renewed in this state to a Minnesota resident, or to cover a resident of the state, or issued or renewed to a small employer that is actively engaged in business in this state, unless otherwise specified.

(d) This chapter does not apply to short-term coverage as defined in section 62A.65, subdivision 7, or grandfathered plan coverage as defined in Minnesota Statutes, section 62A.011, subdivision 1c, if enacted in the 2013 regular legislative session.

Sec. 3. **[62K.03] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Affordable Care Act.** "Affordable Care Act" means the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended, including the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments, and any federal guidance or regulations issued under these acts.

Subd. 3. **Dental plan.** "Dental plan" means a dental plan as defined in section 62Q.76, subdivision 3.

Subd. 4. **Enrollee.** "Enrollee" means a natural person covered by a health plan and includes an insured policyholder, subscriber, contract holder, member, covered person, or certificate holder.

Subd. 5. **Health carrier.** "Health carrier" means a health carrier as defined in section 62A.011, subdivision 2.

Subd. 6. **Health plan.** "Health plan" means a health plan as defined in section 62A.011, subdivision 3.

Subd. 7. **Individual health plan.** "Individual health plan" means an individual health plan as defined in Minnesota Statutes, section 62A.011, subdivision 4, if enacted in the 2013 regular legislative session.

Subd. 8. **Limited-scope pediatric dental plan.** "Limited-scope pediatric dental plan" means a dental plan meeting the requirements of section 9832(c)(2)(A) of the Internal Revenue Code of 1986, as amended, that provides pediatric dental benefits meeting the requirements of the Affordable Care Act and is offered by a health carrier. A limited-scope pediatric dental plan includes a dental plan that is offered separately or in conjunction with an individual or small group health plan to individuals who have not attained the age of 19 years as of the beginning of the policy year or to a family.

Subd. 9. **Minnesota Insurance Marketplace.** "Minnesota Insurance Marketplace" means the Minnesota Insurance Marketplace as defined in section 62V.02.

Subd. 10. **Preferred provider organization.** "Preferred provider organization" means a health plan that provides discounts to enrollees or subscribers for services they receive from certain health care providers.

Subd. 11. **Qualified health plan.** "Qualified health plan" means a health plan that meets the definition in the Affordable Care Act and has been certified by the board of the Minnesota Insurance Marketplace in accordance with chapter 62V to be offered through the Minnesota Insurance Marketplace.

Subd. 12. **Small group health plan.** "Small group health plan" means a health plan issued by a health carrier to a small employer as defined in section 62L.02, subdivision 26.

Sec. 4. **[62K.04] MARKET RULES; VIOLATION.**

Subdivision 1. **Compliance.** (a) A health carrier issuing an individual health plan to a Minnesota resident or a small group health plan to provide coverage to a small employer that is actively engaged in business in Minnesota shall meet all of the requirements set forth in this chapter. The failure to meet any of the requirements under this chapter constitutes a violation of section 72A.20.

(b) The requirements of this chapter do not apply to individual or small group health plans issued before January 1, 2015.

(c) The requirements of this chapter do not apply to short-term coverage as defined in section 62A.65, subdivision 7, or grandfathered plan coverage as defined in section 62A.011, subdivision 1c.

Subd. 2. **Penalties.** In addition to any other penalties provided by the laws of this state or by federal law, a health carrier or any other person found to have violated any requirement of this chapter may be subject to the administrative procedures, enforcement actions, and penalties provided under section 45.027 and chapters 62D and 72A.

Sec. 5. **[62K.05] FEDERAL ACT; COMPLIANCE REQUIRED.**

A health carrier shall comply with all provisions of the Affordable Care Act to the extent that it imposes a requirement that applies in this state. Compliance with any provision of the Affordable Care Act is required as of the effective date established for that provision in the federal act, except as otherwise specifically stated earlier in state law.

Sec. 6. **[62K.06] METAL LEVEL MANDATORY OFFERINGS.**

Subdivision 1. **Identification.** A health carrier that offers individual or small group health plans in Minnesota must provide documentation to the commissioner of commerce to justify actuarial value levels as specified in section 1302 of the Affordable Care Act for all individual and small group health plans offered inside and outside of the Minnesota Insurance Marketplace.

Subd. 2. **Minimum levels.** (a) A health carrier that offers any individual or small group health plan, either inside or outside of the Minnesota Insurance Marketplace, must offer at a minimum a silver level and a gold level health plan to Minnesota residents, as well as for each health plan offered, a health plan in which the only enrollees are children, who, as of the beginning of a policy year, have not attained the age of 21 years.

(b) A health carrier with less than five percent market share in either the individual or small group market in Minnesota is exempt from paragraph (a), until January 1, 2020, unless the health carrier offers a qualified health plan through the Minnesota Insurance Marketplace. If the health carrier offers a qualified health plan through the Minnesota Insurance Marketplace, the health carrier must comply with paragraph (a).

Subd. 3. **Minnesota Insurance Marketplace restriction.** The Minnesota Insurance Marketplace may not, by contract or otherwise, mandate the types of health plans to be offered by a health carrier to individuals or small employers purchasing health plans outside of the Minnesota Insurance Marketplace. Solely for purposes of this subdivision, "health plan" includes coverage that is excluded under section 62A.011, subdivision 3, clause (6).

Subd. 4. **Metal level defined.** For purposes of this section, the metal levels are defined in section 62Q.81, subdivision 1, paragraph (b), clause (3).

Subd. 5. **Enforcement.** The commissioner of commerce shall enforce this section.

Sec. 7. **[62K.07] INFORMATION DISCLOSURES.**

(a) A health carrier offering individual or small group health plans must submit the following information in a format determined by the commissioner of commerce:

(1) claims payment policies and practices, including provider fee schedules that are not less than providers' overall cost of providing care;

(2) periodic financial disclosures;

(3) data on enrollment;

(4) data on disenrollment;

(5) data on the number of claims that are denied;

(6) data on rating practices;

(7) information on cost-sharing and payments with respect to out-of-network coverage; and

(8) other information required by the secretary of the United States Department of Health and Human Services under the Affordable Care Act.

(b) A health carrier offering an individual or small group health plan must comply with all information disclosure requirements of all applicable state and federal law, including the Affordable Care Act.

(c) The commissioner of commerce shall enforce this section.

Sec. 8. **[62K.08] MARKETING STANDARDS.**

Subdivision 1. **Marketing.** (a) A health carrier offering individual or small group health plans must comply with all applicable provisions of the Affordable Care Act, including, but not limited to, the following:

(1) compliance with all state laws pertaining to the marketing of individual or small group health plans; and

(2) establishing marketing practices and benefit designs that will not have the effect of discouraging the enrollment of individuals with significant health needs in the health plan.

(b) No marketing materials may lead consumers to believe that all health care needs will be covered.

Subd. 2. **Evidence of coverage.** A health carrier offering individual or small group health plans must comply with the following:

(1) any evidence of coverage or contract must include a statement of enrollee information and rights as described in section 62D.07;

(2) the evidence of coverage or contract must affirmatively disclose all exclusions and limitations on the services offered; and

(3) each evidence of coverage or contract must contain the following language in bold print: **This health plan may not cover all your health care expenses. Read your contract carefully to determine which expenses are covered.**

Subd. 3. **Enforcement.** The commissioner of commerce shall enforce this section.

Sec. 9. **[62K.09] ACCREDITATION STANDARDS.**

Subdivision 1. **Accreditation; general.** (a) A health carrier that offers any individual or small group health plans in Minnesota outside of the Minnesota Insurance Marketplace must be accredited in accordance with this subdivision. A health carrier must obtain accreditation through URAC, the National Committee for Quality Assurance (NCQA), or any entity recognized by the United States Department of Health and Human Services for accreditation of health insurance issuers or health plans by January 1, 2018. Proof of accreditation must be submitted to the commissioner of health in a form prescribed by the commissioner of health.

(b) A health carrier that rents a provider network is exempt from this subdivision, unless it is part of a holding company as defined in section 60D.15 that in aggregate exceeds ten percent market share in either the individual or small group market in Minnesota.

Subd. 2. **Accreditation; Minnesota Insurance Marketplace.** (a) The Minnesota Insurance Marketplace shall require all health carriers offering a qualified health plan through the Minnesota Insurance Marketplace to obtain the appropriate level of accreditation no later than the third year after the first year the health carrier offers a qualified health plan through the Minnesota Insurance Marketplace. A health carrier must take the first step of the accreditation process during the first year in which it offers a qualified health plan. A health carrier that offers a qualified health plan on January 1, 2014, must obtain accreditation by the end of the 2016 plan year.

(b) To the extent a health carrier cannot obtain accreditation due to low volume of enrollees, an exception to this accreditation criterion may be granted by the Minnesota Insurance Marketplace until such time as the health carrier has a sufficient volume of enrollees.

Subd. 3. **Attestation.** (a) When a carrier notifies the commissioner of its intent to be accredited, the carrier must submit an attestation providing the following information on a form provided by the commissioner:

(1) the name of the accrediting entity, the date the application for certification was submitted, and a copy of the application;

(2) the date when accreditation is expected to be completed; and

(3) a list of the content areas in which accreditation is being sought.

(b) The carrier must submit an annual status update to the commissioner on a form provided by the commissioner. That status update shall demonstrate to the commissioner's satisfaction that the carrier has made progress on becoming accredited or has been accredited.

(c) The commissioner shall propose to the legislature by January 15, 2014, standards for carriers otherwise exempt from compliance with this section. Such standards shall be aimed at ensuring all carriers doing business in Minnesota are engaged in continuous improvement in the quality and efficiency of healthcare management.

Subd. 4. **Enforcement.** The commissioner of health shall enforce this section.

Sec. 10. **[62K.10] GEOGRAPHIC ACCESSIBILITY; PROVIDER NETWORK ADEQUACY.**

Subdivision 1. **Applicability.** (a) This section applies to all health carriers that either require an enrollee to use, or that create incentives, including financial incentives, for an enrollee to use, health care providers that are managed, owned, under contract with, or employed by the health carrier. A health carrier that does not manage, own, or contract directly with providers in Minnesota is exempt from this section, unless it is part of a holding company as defined in section 60D.15 that in aggregate exceeds ten percent in either the individual or small group market in Minnesota.

(b) Health carriers renting provider networks to other entities must submit the rental agreement or contract to the commissioner of health for approval. In reviewing the agreements or contracts, the commissioner shall review the agreement or contract to ensure that the entity contracting with health care providers accepts responsibility to meet the requirements in this section.

Subd. 2. **Primary care; mental health services; general hospital services.** The maximum travel distance or time shall be the lesser of 30 miles or 30 minutes to the nearest provider of each of the following services: primary care services, mental health services, and general hospital services. Notwithstanding that requirement, no health plan shall be denied network adequacy solely because the only hospital existing in the area is within 60 miles or 60 minutes.

Subd. 3. **Other health services.** Specialty physician services, substance use disorder services, ancillary services, specialized hospital services, and all other covered health services must be available to enrollees within 60 miles or 60 minutes' travel time to the nearest participating or preferred provider.

Subd. 4. **Network adequacy.** Each designated provider network must include a sufficient number and type of providers, including providers that specialize in mental health and substance use services, to ensure that covered services are available to all enrollees without unreasonable delay. In determining network adequacy, the commissioner of health shall consider availability of services, including the following:

(1) primary care physician services are available and accessible 24 hours per day, seven days per week, within the network area;

(2) a sufficient number of primary care physicians have hospital admitting privileges at one or more participating hospitals within the network area so that necessary admissions are made on a timely basis consistent with generally accepted practice parameters;

(3) specialty physician service is available through the network or contract arrangement;

(4) mental health and substance use treatment providers are available and accessible through the network or contract arrangement;

(5) to the extent that primary care services are provided through primary care providers other than physicians, and to the extent permitted under applicable scope of practice in state law for a given provider, these services shall be available and accessible; and

(6) the network has available, either directly or through arrangements, appropriate and sufficient personnel, physical resources, and equipment to meet the projected needs of enrollees for covered health care services.

Subd. 5. **Waiver.** A health carrier or preferred provider organization may apply to the commissioner of health for a waiver of the requirements in subdivision 2 or 3 if it is unable to meet the statutory requirements. A waiver application must be made on a form provided by the commissioner and must:

(1) demonstrate with specific data that the requirement of subdivision 2 or 3 is not feasible in a particular service area or part of a service area; and

(2) include information as to the steps that were and will be taken to address the network inadequacy.

The waiver will automatically expire after two years. If a renewal of the waiver is sought, the commissioner of health will take into consideration steps that have been taken to address network adequacy.

Subd. 6. **Referral centers.** Subdivisions 2 and 3 shall not apply if an enrollee is referred to a referral center for health care services. A referral center is a medical facility that provides highly specialized medical care, including but not limited to organ transplants. A health carrier or preferred provider organization may consider the volume of services provided annually, case mix, and severity adjusted mortality and morbidity rates in designating a referral center.

Subd. 7. **Essential community providers.** Each health carrier must comply with section 62Q.19.

Subd. 8. **Enforcement.** The commissioner of health shall enforce this section.

EFFECTIVE DATE. This section is effective for coverage effective on or after January 1, 2014.

Sec. 11. **[62K.11] BALANCE BILLING PROHIBITED.**

(a) A network provider is prohibited from billing an enrollee for any amount in excess of the allowable amount the health carrier has contracted for with the provider as total payment for the health care service. A network provider is permitted to bill an enrollee the approved co-payment deductible or coinsurance.

(b) A network provider is permitted to bill an enrollee for services not covered by the enrollee's health plan as long as the enrollee agrees in writing in advance before the service is performed to pay for the noncovered service.

Sec. 12. **[62K.12] QUALITY ASSURANCE AND IMPROVEMENT.**

Subdivision 1. **General.** (a) All health carriers offering an individual health plan or small group health plan must have a written internal quality assurance and improvement program that, at a minimum:

(1) provides for ongoing evaluation of the quality of health care provided to its enrollees;

(2) periodically reports the evaluation of the quality of health care to the health carrier's governing body;

(3) follows policies and procedures for the selection and credentialing of network providers that is consistent with community standards;

(4) conducts focused studies directed at problems, potential problems, or areas with potential for improvements in care;

(5) conducts enrollee satisfaction surveys and monitors oral and written complaints submitted by enrollees or members; and

(6) collects and reports Health Effectiveness Data and Information Set (HEDIS) measures and conducts other quality assessment and improvement activities as directed by the commissioner of health.

(b) The commissioner of health shall submit a report to the chairs and ranking minority members of senate and house of representatives committees with primary jurisdiction over commerce and health policy by February 15, 2015, with recommendations for specific quality assurance and improvement standards for all Minnesota health carriers. The recommended standards must not require duplicative data gathering, analysis, or reporting by health carriers.

Subd. 2. **Exemption.** A health carrier that rents a provider network is exempt from this section, unless it is part of a holding company as defined in section 60D.15 that in aggregate exceeds ten percent market share in either the individual or small group market in Minnesota.

Subd. 3. **Waiver.** A health carrier that has obtained accreditation through the URAC for network management; quality improvement; credentialing; member protection; and utilization management, or has achieved an excellent or commendable level ranking from the National Committee for Quality Assurance (NCQA), shall be deemed to meet the requirements of subdivision 1. Proof of accreditation must be submitted to the commissioner of health in a form prescribed by the commissioner. The commissioner may adopt rules to recognize similar accreditation standards from any entity recognized by the United States Department of Health and Human Services for accreditation of health insurance issuers or health plans.

Subd. 4. **Enforcement.** The commissioner of health shall enforce this section.

Sec. 13. **[62K.13] SERVICE AREA REQUIREMENTS.**

(a) Any health carrier that offers an individual or small group health plan, must offer the health plan in a service area that is at least the entire geographic area of a county unless serving a smaller geographic area is necessary, nondiscriminatory, and in the best interest of enrollees. The service area for any individual or small group health plan must be established without regard to racial, ethnic, language, concentrated poverty, or health status-related factors, or other factors that exclude specific high-utilizing, high-cost, or medically underserved populations.

(b) If a health carrier that offers an individual or small group health plan requests to serve less than the entire county, the request must be made to the commissioner of health on a form and manner determined by the commissioner and must provide specific data demonstrating that the service area is not discriminatory, is necessary, and is in the best interest of enrollees.

(c) The commissioner of health shall enforce this section.

Sec. 14. **[62K.14] LIMITED-SCOPE PEDIATRIC DENTAL PLANS.**

(a) Limited-scope pediatric dental plans must be offered on a guaranteed issue basis with premiums rated on allowable rating factors used for health plans. The commissioner of commerce shall enforce this paragraph.

(b) Limited-scope pediatric dental plans must ensure primary care dental services are available within 60 miles or 60 minutes' travel time. The commissioner of health shall enforce this paragraph.

(c) If a limited-scope pediatric dental plan is offered, either as a stand alone or in conjunction with a health plan offered to individuals or small employers, the health plan shall not be considered in noncompliance with the requirements of the essential benefit package in the Affordable Care Act because the health plan does not offer coverage of pediatric dental benefits if these benefits are covered through the limited-scope pediatric dental plan.

(d) Health carriers offering limited-scope pediatric dental plans must comply with this section and sections 62K.07, 62K.08, and 62K.13.

Sec. 15. **[62K.15] ANNUAL OPEN ENROLLMENT PERIODS.**

Health carriers offering individual health plans must limit annual enrollment in the individual market to the initial and annual open enrollment periods for the Minnesota Insurance Marketplace. Nothing in this section limits the application of special or limited open enrollment periods as defined under the Affordable Care Act.

Sec. 16. Minnesota Statutes 2012, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax-exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions;

(5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:

(i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;

(ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and

(iii) consists of 40 or fewer licensed beds; ~~or~~

(6) a birth center licensed under section 144.615; or

(7) a hospital or affiliated specialty clinics whose inpatients are predominantly under 21 years of age, for intensive specialty pediatric services that are only routinely provided in four or fewer hospitals in the state and that serve children from at least half the counties of Minnesota.

(b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

Sec. 17. **REPEALER.**

Minnesota Statutes 2012, section 62D.124, is repealed.

Sec. 18. **EFFECTIVE DATE.**

Sections 1 to 15 and 17 are effective January 1, 2015, unless otherwise specified."

Correct the title numbers accordingly

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.

Paymar from the Committee on Public Safety Finance and Policy to which was referred:

H. F. No. 817, A bill for an act relating to private detectives; exempting certified public accounting services from licensure requirements; amending Minnesota Statutes 2012, section 326.3341.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 819, A bill for an act relating to the Public Facilities Authority; reorganizing certain grant programs; providing for small community wastewater treatment grants; amending Minnesota Statutes 2012, sections 446A.073, subdivisions 1, 3, 4; 446A.075, subdivisions 1a, 2, 5; repealing Minnesota Statutes 2012, sections 446A.051, subdivision 2; 446A.074.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Marquart from the Committee on Education Finance to which was referred:

H. F. No. 826, A bill for an act relating to education; providing for safe and supportive schools; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2012, sections 120B.36, subdivision 1; 121A.55; 121A.69, subdivision 3; 122A.60, subdivisions 1a, 3; 124D.10, subdivision 8; 124D.895, subdivision 1; 124D.8955; 125B.15; 127A.42, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121A; 127A; repealing Minnesota Statutes 2012, sections 121A.03; 121A.0695.

Reported the same back with the following amendments:

Page 9, delete section 4

Page 19, delete section 16

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

Correct the title numbers accordingly

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.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 855, A bill for an act relating to state government; making changes to resource recovery provisions; amending Minnesota Statutes 2012, section 115A.15, subdivisions 2, 9, 10.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 856, A bill for an act relating to health; modifying the definition of mental illness in the Adult Mental Health Act; amending Minnesota Statutes 2012, section 245.462, subdivision 20.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 866, A bill for an act relating to state government; changing provisions for procurement and solicitation process; amending Minnesota Statutes 2012, sections 13.591, subdivision 3; 16C.02, subdivision 13; 16C.06, subdivision 2; 16C.08, subdivision 4; 16C.09; 16C.10, subdivision 6; 16C.33, subdivision 3; 16C.34, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 11, after "solicitation" insert "that bids are due"

Page 2, line 6, after "solicitation" insert "that proposals are due"

Page 2, line 16, reinstate ", other than" and before "remain" insert "the names of the responders."

Page 2, after line 21, insert:

"Sec. 2. **16.0466** STATE AGENCY TECHNOLOGY PROJECTS.

Every state agency with an information or telecommunications project must consult with the Office of Enterprise Technology to determine what the IT cost of the project is, and transfer the IT cost portion to the Office of Enterprise Technology, unless the commissioner of the Office of Enterprise Technology determines that a transfer is not required."

Page 3, delete section 4

Page 5, after line 16, insert:

"Sec. 7. Minnesota Statutes 2012, section 16C.145, is amended to read:

16C.145 NONVISUAL TECHNOLOGY ACCESS STANDARDS.

(a) The commissioner shall develop nonvisual technology access standards. The standards must be included in all contracts for the procurement of information technology by, or for the use of, agencies, political subdivisions, and the Minnesota State Colleges and Universities. The University of Minnesota is encouraged to consider similar standards.

(b) The nonvisual access standards must include the following minimum specifications:

(1) that effective, interactive control and use of the technology including the operating system, applications programs, prompts, and format of the data presented, are readily achievable by nonvisual means;

(2) that the nonvisual access technology must be compatible with information technology used by other individuals with whom the blind or visually impaired individual must interact;

(3) that nonvisual access technology must be integrated into networks used to share communications among employees, program participants, and the public; and

(4) that the nonvisual access technology must have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.

(c) Nothing in this section requires the installation of software or peripheral devices used for nonvisual access when the information technology is being used by individuals who are not blind or visually impaired.

(d) Executive branch state agencies subject to section 16E.03, subdivision 9, are not required to include nonvisual technology access standards developed under this section in contracts for the procurement of information technology."

Page 7, after line 26, insert:

"Sec. 10. Minnesota Statutes 2012, section 16E.07, subdivision 6, is amended to read:

Subd. 6. **Fees.** The office shall establish fees for technical and transaction services for government units through North Star. Fees must be credited to the North Star account. Except for the convenience fee under subdivision 12, the office may not charge a fee for viewing or inspecting data made available through North Star or linked facilities, unless specifically authorized by law.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 16E.07, is amended by adding a subdivision to read:

Subd. 12. **Private entity services; fee authority; council established.** (a) The office may enter into a contract with a private entity to manage, maintain, support, and expand North Star and online government information services to citizens and businesses.

(b) A contract established under paragraph (a) may provide for compensation of the private entity through a fee established under paragraph (c).

(c) Upon authorization by the E-Government Advisory Council as created in paragraph (e), a private entity that enters into a contract under paragraph (a) or the office may establish a convenience fee for users of North Star and online government information services up to a total of \$2 per transaction. A fee established under this paragraph is in addition to any fees or surcharges authorized under other law.

(d) Receipts from the convenience fee shall be deposited in the North Star account established in subdivision 7. Notwithstanding section 16A.1285, subdivision 2, receipts credited to the account are appropriated to the office for payment to the contracted private entity under paragraph (a). In lieu of depositing the receipts in the North Star account, the office can directly transfer the receipts to the private entity or allow the private entity to retain the receipts pursuant to a contract established under this subdivision.

(e) The E-Government Advisory Council is established for the purpose of improving online government information services to citizens and businesses. The council shall recommend to the office the priority of North Star projects and online government information services to be developed and supported by convenience fee receipts.

The council shall provide oversight on the convenience fee and its receipts in the North Star account. The council shall by majority quorum vote to approve or disapprove establishing the convenience fee on particular types of transactions, the fee amount, and any changes in the fee amount. If the convenience fee receipts are retained by or transferred to the private entity in lieu of deposit in the North Star account, the council may audit the private entity's convenience fee receipts, expenses paid by the receipts, and associated financial statements.

(1) The council shall consist of the state chief information officer or the chief information officer's designee, one member appointed by the speaker of the house, one member appointed by the senate majority leader, and six members appointed by the governor representing state executive branch agencies that are actively involved with private businesses, the private business community, or the public.

(2) Membership terms, removal of a member, and filling of vacancies are as provided in section 15.059. Members do not receive compensation or reimbursement for expenses.

(3) The council shall select a chair from its members. The office shall provide administrative support to the council.

(f) The office shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each odd-numbered year regarding the convenience fee receipts and the status of North Star projects and online government information services developed and supported by convenience fee receipts."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the first semicolon, insert "changing nonvisual technology access standards provision; providing for contracts with private entity services;"

Correct the title numbers accordingly

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.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 902, A bill for an act relating to cosmetologists; establishing continuing education requirements; amending Minnesota Statutes 2012, section 155A.27, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 155A.27, subdivision 7, is amended to read:

Subd. 7. **Renewals.** Renewal of license shall be for a period of three years under conditions and process established by rule and subject to continuing education requirements of section 155A.271.

Sec. 2. **[155A.271] CONTINUING EDUCATION REQUIREMENTS.**

Subdivision 1. **Continuing education requirements.** Effective August 1, 2014, to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, or salon manager, the applicant must attest to the completion of four hours of continuing education credits from an accredited school or a professional association of cosmetology during the three years prior to the applicant's renewal date. One credit hour of the requirement must include instruction pertaining to state laws and rules governing the practice of cosmetology. Three credit hours must include instruction pertaining to health, safety, and sanitation matters consistent with the United States Department of Labor's Occupational Safety and Health Administration standards applicable to the practice of cosmetology, or other applicable federal health, sanitation, and safety standards, and must be regularly updated so as to incorporate newly developed standards and accepted professional best practices. Credit hours earned are valid for three years and may be applied simultaneously to all individual licenses held by a licensee under this chapter. This subdivision does not apply to instructors or inactive licenses.

Subd. 2. **Schools and professional association.** Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association may offer continuing education curriculum for credit under this section. The school or professional association may offer online and independent study options to achieve maximum involvement of licensees and is encouraged to offer classes available in foreign language formats.

Subd. 3. **Proof of credits.** The school or professional association shall provide to licensees who attend a class a receipt to prove completion of the class. Licensees shall retain proof of their continuing education credits for one year beyond the credit's expiration. The school or professional association shall retain documentation of all licensees successfully completing a class and the licensee's credit hours for five years.

Subd. 4. **Audit.** The board shall conduct random audits of active licensees periodically to ensure compliance with continuing education requirements. To initiate an audit, the board shall notify an active licensee of the audit and request proof of credits earned during a specified period. The licensee must provide the requested proof to the board within 30 days of an audit notice. The board may request that a school or professional association verify a licensee's credits. The school or professional association must furnish verification, or a written statement that the credits are not verified, within 15 days of the board's request for verification. If the board determines a licensee has failed to provide proof of necessary credits earned during the specified time, the board may revoke the individual's license and may deem the individual a lapsed practitioner subject to penalty under section 155A.25 or 155A.36.

Sec. 3. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall replace the term "manicurist" with the term "nail technician" wherever it appears in Minnesota Statutes and Minnesota Rules."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 906, A bill for an act relating to natural resources; requiring the development of silica sand mining model standards and criteria; establishing a silica sand technical assistance team; requiring administrative rules; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116C.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 938, A bill for an act relating to state government; streamlining reporting of state government; amending Minnesota Statutes 2012, sections 4A.01, subdivision 3; 16E.07, subdivision 3.

Reported the same back with the following amendments:

Page 2, after line 16, insert:

"Sec. 3. **REPEALER.**

Minnesota Statutes 2012, sections 4A.11; and 14.04, are repealed."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Huntley from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 950, A bill for an act relating to collective bargaining; authorizing collective bargaining for family child care providers and individual providers of direct support services; creating a Quality Consumer-Directed Services Workforce; proposing coding for new law in Minnesota Statutes, chapters 179A; 256B.

Reported the same back with the following amendments:

Page 4, after line 22, insert:

"**Subd. 13. Membership status and licensure.** Membership status in an employee organization shall not affect the licensure of a family child care provider."

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.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 956, A bill for an act relating to energy; amending various provisions related to utilities; modifying provisions governing cogeneration and small power production; establishing a value of solar rate and related regulations; permitting community solar generating facilities; creating various renewable energy incentives; requiring studies; extending sunsets; making technical corrections; amending Minnesota Statutes 2012, sections 16C.144, subdivision 2; 116C.779, subdivision 3; 216B.02, subdivision 4; 216B.03; 216B.16, subdivision 7b, by adding a subdivision; 216B.1611; 216B.1635; 216B.164, subdivisions 3, 4, 5, 6, by adding subdivisions; 216B.1691, subdivisions 1, 2a, 2e, by adding a subdivision; 216B.1692, subdivisions 1, 8, by adding a subdivision; 216B.1695, subdivision 5, by adding a subdivision; 216B.23, subdivision 1a; 216B.241, subdivisions 1e, 5c; 216B.2411, subdivision 3; 216B.40; 216B.62, subdivision 7; 216C.436, subdivisions 7, 8; Laws 2005, chapter 97, article 10, section 3; proposing coding for new law in Minnesota Statutes, chapters 216B; 216C; repealing Minnesota Statutes 2012, section 216B.37.

Reported the same back with the following amendments:

Page 4, delete section 6 and insert:

"Sec. 6. Minnesota Statutes 2012, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or are certified as a priority project or deemed to be a priority transmission project under section 216B.2425; ~~and~~

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midwest Independent Transmission System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midwest Independent Transmission System Operator to benefit the utility, as provided for under a federally approved tariff or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midwest Independent Transmission System Operator to benefit the utility, as provided for under a federally approved tariff or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midwest Independent Transmission System Operator to benefit the utility or integrated transmission system;

(4) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

(4) (5) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

(5) (6) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

(6) (7) allocates project costs appropriately between wholesale and retail customers;

(7) (8) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

(8) (9) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers."

Page 9, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 2012, section 216B.1635, is amended to read:

216B.1635 RECOVERY OF GAS UTILITY INFRASTRUCTURE COSTS.

Subdivision 1. **Definitions.** (a) "Gas utility" means a public utility as defined in section 216B.02, subdivision 4, that furnishes natural gas service to retail customers.

(b) "Gas utility infrastructure costs" or "GUIC" means costs incurred in gas utility projects that:

(1) do not serve to increase revenues by directly connecting the infrastructure replacement to new customers;

(2) are in service but were not included in the gas utility's rate base in its most recent general rate case; ~~and, or~~ are planned to be in service during the period covered by the report submitted under subdivision 2, but in no case longer than the one-year forecast period in the report; and

(3) ~~replace or modify existing infrastructure if the replacement or modification does not constitute a betterment, unless the betterment is required by a political subdivision, as evidenced by specific documentation from the government entity requiring the replacement or modification of infrastructure~~ do not constitute a betterment, unless the betterment is based on requirements by a political subdivision or a federal or state agency, as evidenced by specific documentation, an order, or other similar requirement from the government entity requiring the replacement or modification of infrastructure.

(c) "Gas utility projects" means ~~relocation and;~~

(1) replacement of natural gas facilities located in the public right-of-way required by the construction or improvement of a highway, road, street, public building, or other public work by or on behalf of the United States, the state of Minnesota, or a political subdivision; and

(2) replacement or modification of existing natural gas facilities, including surveys, assessments, reassessment, and other work necessary to determine the need for replacement or modification of existing infrastructure that is required by a federal or state agency.

Subd. 2. **Gas infrastructure filing.** ~~(a) The commission may approve a gas utility's petition for a rate schedule. A public utility submitting a petition to recover GUIC gas infrastructure costs under this section. A gas utility may must submit to the commission, the department, and interested parties a gas infrastructure project plan report and a petition the commission to recover a rate of return, income taxes on the rate of return, incremental property taxes, plus incremental depreciation expense associated with GUIC for rate recovery of only incremental costs associated with projects under subdivision 1, paragraph (c), clause (2). The report and petition must be made at least 150 days in advance of implementation of the rate schedule, provided that the rate schedule will not be implemented until the petition is approved by the commission pursuant to subdivision 7. The report must be for a forecast period of one year.~~

~~(b) The filing is subject to the following:~~

~~(1) A gas utility may submit a filing under this section no more than once per year.~~

~~(2) A gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC or be subject to denial by the commission. The information includes, but is not limited to:~~

~~(i) the government entity ordering the gas utility project and the purpose for which the project is undertaken;~~

~~(ii) the location, description, and costs associated with the project;~~

~~(iii) a description of the costs, and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;~~

~~(iv) the proposed rate design and an explanation of why the proposed rate design is in the public interest;~~

~~(v) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;~~

~~(vi) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;~~

~~(vii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case;~~

~~(viii) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case; and~~

~~(ix) documentation supporting the calculation of the GUIC.~~

Subd. 3. **Gas infrastructure project plan report.** The gas infrastructure project plan report required to be filed under subdivision 2 shall include all pertinent information and supporting data on each proposed project including, but not limited to, project description and scope, estimated project costs, and project in-service date.

Subd. 4. **Cost recovery petition for utility's facilities.** Notwithstanding any other provision of this chapter, the commission may approve a rate schedule for the automatic annual adjustment of charges for gas utility infrastructure costs net of revenues under this section, including a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and any incremental operation and maintenance costs. A gas utility's petition for approval of a rate schedule to recover gas utility infrastructure costs outside of a general rate case under section 216B.16 is subject to the following:

(1) a gas utility may submit a filing under this section no more than once per year; and

(2) a gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC. The information includes, but is not limited to:

(i) the information required to be included in the gas infrastructure project plan report under subdivision 3;

(ii) the government entity ordering or requiring the gas utility project and the purpose for which the project is undertaken;

(iii) a description of the estimated costs and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;

(iv) a comparison of the utility's estimated costs included in the gas infrastructure project plan and the actual costs incurred, including a description of the utility's efforts to ensure the costs of the facilities are reasonable and prudently incurred;

(v) calculations to establish that the rate adjustment is consistent with the terms of the rate schedule, including the proposed rate design and an explanation of why the proposed rate design is in the public interest;

(vi) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;

(vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;

(viii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case; and

(ix) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.

Subd. 5. **Commission action.** Upon receiving a gas utility report and petition for cost recovery under subdivision 2 and assessment and verification under subdivision 4, the commission may approve the annual GUIC rate adjustments provided that, after notice and comment, the costs included for recovery through the rate schedule are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.

Subd. 6. **Rate of return.** The return on investment for the rate adjustment shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

Subd. 3 7. **Commission authority; rules.** The commission may issue orders and adopt rules necessary to implement and administer this section.

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

Page 18, line 10, after "(a)" insert "Beginning January 1, 2014," and delete the colon and insert "to public utilities selling electricity at retail in Minnesota, and to electric cooperatives and municipalities selling electricity at retail in Minnesota that have elected to be governed under section 216C.412."

Page 18, delete lines 11 to 15

Page 18, line 32, delete "An electric" and insert "A"

Page 22, line 24, delete everything after "a" and insert "public utility or a cooperative association or municipality that has elected to be governed under section 216C.412."

Page 22, line 28, before "80" insert "at least"

Page 28, line 17, delete "electric" and insert "public"

Page 28, line 18, after "retail" insert "electricity" and delete everything after "Minnesota"

Page 28, line 19, delete everything before "so"

Page 28, line 20, delete "electric"

Page 31, line 15, after "\$500,000" insert "per fiscal year"

Page 31, line 21, delete "briefly" and insert "clearly"

Page 32, line 25, after "a" insert "public"

Page 33, delete section 38

Page 33, delete lines 15 to 21

Page 33, line 22, delete "Subd. 2." and insert "Subdivision 1."

Page 33, lines 24 and 28, after "commissioner" insert "of commerce"

Page 33, line 29, delete "3" and insert "2"

Page 33, line 30, delete everything after "devices" and insert "located in the electric service territory of a cooperative association or municipality that has elected to be governed under section 216C.412, and the Department of Commerce's actual and reasonable costs to administer this section and"

Page 33, line 31, delete everything before "section"

Page 33, delete subdivision 4 and insert:

"Subd. 3. **Administrative procedure.** By April 1, 2014, the commissioner of commerce shall develop an administrative procedure that transfers funds from the account to pay the solar energy production incentive to owners of solar photovoltaic devices located in the electric service territory of a cooperative association or municipality that has elected to be governed under section 216C.412.

Subd. 4. **Transfer.** The public utility that contributes to the account established under section 116C.779 shall transfer from that account up to \$5,000,000 annually to the commissioner of commerce for deposit in the account established in subdivision 1 to pay the solar energy production incentive to owners of solar photovoltaic devices located in the electric service territory of a cooperative association or municipality that has elected to be governed under section 216C.412. The commissioner of commerce shall request funds to be transferred by the public utility only to the extent necessary to fully fund the annual aggregate solar production incentives paid to owners of solar photovoltaic devices that are interconnected with cooperative associations or municipalities that have elected to be governed under section 216C.412."

Page 34, after line 6, insert:

"Subdivision 1. **Applicability.** (a) A public utility providing retail electric service to Minnesota customers is subject to the provisions of this section.

(b) A cooperative association or a municipality providing retail electric service to Minnesota customers may elect to be subject to the provisions of this section. The election shall be approved by resolution of the board of directors of the association or the governing body of the municipality, a copy of which must be provided to the commissioner of commerce. The election is effective 30 days after the election by the board of directors or governing body."

Page 34, line 7, delete "Subdivision 1" and insert "Subd. 2" and delete "; appropriation"

Page 34, delete lines 9 and 10 and insert:

"(1) submitted to the utility to which the solar photovoltaic device is interconnected, on a form prescribed by the utility, an application to receive the incentive; and"

Page 34, line 11, delete "commissioner" and insert "utility"

Page 34, delete lines 13 to 15 and insert:

"(b) A utility shall make incentive payments under this section on a first-come, first-served basis. A utility is not required to make aggregate incentive payments under this section in any one calendar year that exceed 1.33 percent of the utility's gross operating revenues from retail sales of electric service provided to Minnesota customers during the previous calendar year.

(c) A cooperative association or a municipality that elects to be subject to the provisions of this section may elect to have the Department of Commerce pay the incentive to owners of solar photovoltaic devices from the account established in section 216C.411."

Page 34, line 16, delete "(c)" and insert "(d)"

Page 34, line 18, delete "(d)" and insert "(e)"

Page 34, line 20, delete "2" and insert "3"

Page 34, delete lines 25 to 27 and insert:

"(c) A utility paying an incentive under this section must enter into a contract with an owner of a solar photovoltaic system under which the utility agrees to make incentive payments for a period of 20 years.

(d) No payment may be made under this section for electricity generated after December 31, 2049."

Page 34, line 28, delete "3" and insert "4"

Page 35, line 24, delete "4" and insert "5"

Page 35, line 25, after "paid" insert "by utilities under this section"

Page 36, line 12, delete "5" and insert "6"

Page 40, delete section 50 and insert:

"Sec. 49. **REPEALER.**

Minnesota Statutes 2012, section 216B.1637, is repealed."

ReNUMBER the sections in sequence and correct the internal references

Correct the title numbers accordingly

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.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 1000, A bill for an act relating to energy; requiring the commissioner of commerce to make assessments to fund clean energy resource teams; amending Minnesota Statutes 2012, section 216B.241, subdivision 1e.

Reported the same back with the following amendments:

Page 2, line 4, delete "briefly" and insert "clearly"

Page 2, after line 5, insert:

"**EFFECTIVE DATE.** Paragraph (b) is effective for assessments for state fiscal years commencing after July 15, 2013."

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.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 1002, A bill for an act relating to health occupations; establishing a criminal background check process for individuals licensed by the health-related licensing boards and the commissioner of health; appropriating money; amending Minnesota Statutes 2012, section 13.411, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 214.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[214.075] HEALTH-RELATED LICENSING BOARDS; CRIMINAL BACKGROUND CHECKS.**

Subdivision 1. **Applications.** (a) By January 1, 2018, each health-related licensing board, as defined in section 214.01, subdivision 2, shall require applicants for initial licensure, licensure by endorsement, or reinstatement or other relicensure after a lapse in licensure, as defined by the individual health-related licensing boards to submit to a criminal history records check of state data completed by the Bureau of Criminal Apprehension (BCA) and a national criminal history records check, including a search of the records of the Federal Bureau of Investigation (FBI).

(b) An applicant must complete a criminal background check if more than one year has elapsed since the applicant last submitted a background check to the board.

Subd. 2. **Investigations.** If a health-related licensing board has reasonable cause to believe a licensee has been charged with or convicted of a crime in this or any other jurisdiction, the health-related licensing board may require the licensee to submit to a criminal history records check of state data completed by the BCA and a national criminal history records check, including a search of the records of the FBI.

Subd. 3. **Consent form; fees; fingerprints.** In order to effectuate the federal and state level, fingerprint-based criminal background check, the applicant or licensee must submit a completed criminal history records check consent form and a full set of fingerprints to the respective health-related licensing board or a designee in the manner and form specified by the board. The applicant or licensee is responsible for all fees associated with preparation of the fingerprints, the criminal records check consent form, and the criminal background check. The fees for the criminal records background check shall be set by the BCA and the FBI and are not refundable.

Subd. 4. **Refusal to consent.** (a) The health-related licensing boards shall not issue a license to any applicant who refuses to consent to a criminal background check or fails to submit fingerprints within 90 days after submission of an application for licensure. Any fees paid by the applicant to the board shall be forfeited if the applicant refuses to consent to the criminal background check or fails to submit the required fingerprints.

(b) The failure of a licensee to submit to a criminal background check as provided in subdivision 3 is grounds for disciplinary action by the respective health licensing board.

Subd. 5. **Submission of fingerprints to BCA.** The health-related licensing board or designee shall submit applicant or licensee fingerprints to the BCA. The BCA shall perform a check for state criminal justice information and shall forward the applicant's or licensee's fingerprints to the FBI to perform a check for national criminal justice information regarding the applicant or licensee. The BCA shall report to the board the results of the state and national criminal justice information checks.

Subd. 6. **Alternatives to fingerprint-based criminal background checks.** The health-related licensing board may require an alternative method of criminal history checks for an applicant or licensee who has submitted at least three sets of fingerprints in accordance with this section that have been unreadable by the BCA or FBI.

Subd. 7. **Opportunity to challenge accuracy of report.** Prior to taking disciplinary action against an applicant or a licensee based on a criminal conviction, the health-related licensing board shall provide the applicant or licensee an opportunity to complete or challenge the accuracy of the criminal history information reported to the board. The applicant or licensee shall have 30 calendar days following notice from the board of the intent to deny licensure or take disciplinary action to request an opportunity to correct or complete the record prior to the board taking disciplinary action based on the information reported to the board. The board shall provide the applicant up to 180 days to challenge the accuracy or completeness of the report with the agency responsible for the record. This subdivision does not affect the right of the subject of the data to contest the accuracy or completeness under section 13.04, subdivision 4.

Subd. 8. **Instructions to the board; plans.** The health-related licensing boards, in collaboration with the commissioner of human services and the BCA, shall establish a plan for completing criminal background checks of all licensees who were licensed before the effective date requirement under subdivision 1. The plan must seek to minimize duplication of requirements for background checks of licensed health professionals. The plan for background checks of current licensees shall be developed no later than January 1, 2017, and may be contingent upon the implementation of a system by the BCA or FBI in which any new crimes that an applicant or licensee commits after an initial background check are flagged in the BCA's or FBI's database and reported back to the board. The plan shall include recommendations for any necessary statutory changes.

Sec. 2. **INCLUSION OF OTHER HEALTH-RELATED OCCUPATIONS TO CRIMINAL BACKGROUND CHECKS.**

(a) If the Department of Health is not reviewed by the Sunset Advisory Commission according to the schedule in Minnesota Statutes, section 3D.21, the commissioner of health, as the regulator for occupational therapy practitioners, speech-language pathologists, audiologists, and hearing instrument dispensers, shall require applicants for licensure or renewal to submit to a criminal history records check as required under Minnesota Statutes, section 214.075, for other health-related licensed occupations regulated by the health-related licensing boards.

(b) Any statutory changes necessary to include the commissioner of health to Minnesota Statutes, section 214.075, shall be included in the plan required in Minnesota Statutes, section 214.075, subdivision 8.

Sec. 3. **APPROPRIATION.**

\$...... is appropriated in fiscal year 2014 from the state government special revenue fund to the Administrative Services Unit for the implementation of a criminal background check program."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Mariani from the Committee on Education Policy to which was referred:

H. F. No. 1003, A bill for an act relating to education; establishing a Minnesota math corps program; appropriating money; amending Minnesota Statutes 2012, section 124D.42.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Education Finance.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 1041, A bill for an act relating to education finance; clarifying the alternative attendance program adjustment; amending Minnesota Statutes 2012, section 127A.47, subdivision 7.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1047, A bill for an act relating to state government; requiring development of outreach, public education, and screening for maternal depression; expanding medical assistance eligibility for pregnant women and infants; requiring the commissioner of human services to provide technical assistance related to maternal depression screening and referrals; adding parenting skills to adult rehabilitative mental health services; expanding Minnesota health care program outreach; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 125A.27, subdivision 11; 145.906; 145A.17, subdivision 1; 214.12, by adding a subdivision; 256B.04, by adding a subdivision; 256B.055, subdivisions 5, 6; 256B.057, subdivision 1; 256B.0623, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 145; repealing Minnesota Statutes 2012, section 256J.24, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
HEALTH CARE

Section 1. Minnesota Statutes 2012, section 145.906, is amended to read:

145.906 POSTPARTUM DEPRESSION EDUCATION AND INFORMATION.

(a) The commissioner of health shall work with health care facilities, licensed health and mental health care professionals, the women, infants, and children (WIC) program, mental health advocates, consumers, and families in the state to develop materials and information about postpartum depression, including treatment resources, and develop policies and procedures to comply with this section.

(b) Physicians, traditional midwives, and other licensed health care professionals providing prenatal care to women must have available to women and their families information about postpartum depression.

(c) Hospitals and other health care facilities in the state must provide departing new mothers and fathers and other family members, as appropriate, with written information about postpartum depression, including its symptoms, methods of coping with the illness, and treatment resources.

(d) Information about postpartum depression, including its symptoms, potential impact on families, and treatment resources, must be available at WIC sites.

(e) The commissioner of health, in collaboration with the commissioner of human services, shall reduce the racial disparity gap in knowledge of maternal and postpartum depression, as measured by the Pregnancy Risk Assessment and Monitoring System (PRAMS) and other survey data collected by the commissioner of health, to the extent that it is available.

Sec. 2. **[145.907] MATERNAL DEPRESSION; DEFINITION.**

"Maternal depression" means depression or other perinatal mood or anxiety disorder experienced by a woman during pregnancy or during the first year following the birth of her child.

Sec. 3. Minnesota Statutes 2012, section 145A.17, subdivision 1, is amended to read:

Subdivision 1. **Establishment; goals.** The commissioner shall establish a program to fund family home visiting programs designed to foster healthy beginnings, improve pregnancy outcomes, promote school readiness, prevent child abuse and neglect, reduce juvenile delinquency, promote positive parenting and resiliency in children, and promote family health and economic self-sufficiency for children and families. The commissioner shall promote partnerships, collaboration, and multidisciplinary visiting done by teams of professionals and paraprofessionals from the fields of public health nursing, social work, and early childhood education. A program funded under this section must serve families at or below 200 percent of the federal poverty guidelines, and other families determined to be at risk, including but not limited to being at risk for child abuse, child neglect, or juvenile delinquency. Programs must begin prenatally whenever possible and must be targeted to families with:

- (1) adolescent parents;
- (2) a history of alcohol or other drug abuse;
- (3) a history of child abuse, domestic abuse, or other types of violence;
- (4) a history of domestic abuse, rape, or other forms of victimization;
- (5) reduced cognitive functioning;
- (6) a lack of knowledge of child growth and development stages;
- (7) low resiliency to adversities and environmental stresses;
- (8) insufficient financial resources to meet family needs;
- (9) a history of homelessness;
- (10) a risk of long-term welfare dependence or family instability due to employment barriers; ~~or~~
- (11) a serious mental health disorder, including maternal depression as defined in section 145.907; or
- ~~(12)~~ (12) other risk factors as determined by the commissioner.

Sec. 4. Minnesota Statutes 2012, section 256B.04, is amended by adding a subdivision to read:

Subd. 22. **Maternal depression screening and referral.** (a) The commissioner shall provide technical assistance to health care providers to improve maternal depression screening and referral rates for medical assistance and MinnesotaCare enrollees. The technical assistance must include, but is not limited to, the provision of information on culturally competent practice, administrative and legal liability issues, and best practices for discussing mental health issues with patients.

(b) The commissioner, in consultation with the commissioners of health and education, shall monitor: (1) maternal depression screening, to the extent possible, and referral rates based on medical assistance and MinnesotaCare claims and Pregnancy Risk Assessment Monitoring System (PRAMS) survey findings; and (2) the impact of improved screening.

(c) For purposes of this subdivision, "maternal depression" has the meaning provided in section 145.907.

Sec. 5. Minnesota Statutes 2012, section 256B.055, subdivision 5, is amended to read:

Subd. 5. **Pregnant women; dependent unborn child.** Medical assistance may be paid for a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, who meets the other eligibility criteria of this section and who would be categorically eligible for assistance under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, if the child had been born and was living with the woman. For purposes of this subdivision, a woman is considered pregnant for ~~60 days~~ the first year postpartum.

EFFECTIVE DATE. This section is effective July 1, 2013, or upon federal approval, whichever is later.

Sec. 6. Minnesota Statutes 2012, section 256B.055, subdivision 6, is amended to read:

Subd. 6. **Pregnant women; needy unborn child.** Medical assistance may be paid for a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under subdivision 10 if born and living with the woman. For purposes of this subdivision, a woman is considered pregnant for ~~60 days~~ the first year postpartum.

EFFECTIVE DATE. This section is effective July 1, 2013, or upon federal approval, whichever is later.

Sec. 7. Minnesota Statutes 2012, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. **Infants and pregnant women.** (a)(1) An infant less than one year of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse is eligible for medical assistance if countable family income is equal to or less than 275 percent of the federal poverty guideline for the same family size. For purposes of this subdivision, "countable family income" means the amount of income considered available using the methodology of the AFDC program under the state's AFDC plan as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, except for the earned income disregard and employment deductions.

(2) For applications processed within one calendar month prior to the effective date, eligibility shall be determined by applying the income standards and methodologies in effect prior to the effective date for any months in the six-month budget period before that date and the income standards and methodologies in effect on the effective date for any months in the six-month budget period on or after that date. The income standards for each month shall be added together and compared to the applicant's total countable income for the six-month budget period to determine eligibility.

(b)(1) [Expired, 1Sp2003 c 14 art 12 s 19]

(2) For applications processed within one calendar month prior to July 1, 2003, eligibility shall be determined by applying the income standards and methodologies in effect prior to July 1, 2003, for any months in the six-month budget period before July 1, 2003, and the income standards and methodologies in effect on the expiration date for any months in the six-month budget period on or after July 1, 2003. The income standards for each month shall be added together and compared to the applicant's total countable income for the six-month budget period to determine eligibility.

(3) An amount equal to the amount of earned income exceeding 275 percent of the federal poverty guideline, up to a maximum of the amount by which the combined total of 185 percent of the federal poverty guideline plus the earned income disregards and deductions allowed under the state's AFDC plan as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA), Public Law 104-193, exceeds 275 percent of the federal poverty guideline will be deducted for pregnant women and infants less than one year of age.

(c) Dependent care and child support paid under court order shall be deducted from the countable income of pregnant women.

(d) An infant born to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the child's ~~first~~ second birthday.

EFFECTIVE DATE. This section is effective July 1, 2013, or upon federal approval, whichever is later.

Sec. 8. Minnesota Statutes 2012, section 256B.0623, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Adult rehabilitative mental health services" means mental health services which are rehabilitative and enable the recipient to develop and enhance psychiatric stability, social competencies, personal and emotional adjustment, ~~and~~ independent living, parenting skills, and community skills, when these abilities are impaired by the symptoms of mental illness. Adult rehabilitative mental health services are also appropriate when provided to enable a recipient to retain stability and functioning, if the recipient would be at risk of significant functional decompensation or more restrictive service settings without these services.

(1) Adult rehabilitative mental health services instruct, assist, and support the recipient in areas such as: interpersonal communication skills, community resource utilization and integration skills, crisis assistance, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment-related skills, parenting skills, and transition to community living services.

(2) These services shall be provided to the recipient on a one-to-one basis in the recipient's home or another community setting or in groups.

(b) "Medication education services" means services provided individually or in groups which focus on educating the recipient about mental illness and symptoms; the role and effects of medications in treating symptoms of mental illness; and the side effects of medications. Medication education is coordinated with medication management services and does not duplicate it. Medication education services are provided by physicians, pharmacists, physician's assistants, or registered nurses.

(c) "Transition to community living services" means services which maintain continuity of contact between the rehabilitation services provider and the recipient and which facilitate discharge from a hospital, residential treatment program under Minnesota Rules, chapter 9505, board and lodging facility, or nursing home. Transition to community living services are not intended to provide other areas of adult rehabilitative mental health services.

ARTICLE 2
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 214.12, is amended by adding a subdivision to read:

Subd. 4. **Parental depression.** The health-related licensing boards that regulate professions that serve caregivers at risk of depression, or their children, including behavioral health and therapy, chiropractic, marriage and family therapy, medical practice, nursing, psychology, and social work, shall provide educational materials on the subject of parental depression and its potential effects on children if unaddressed, including how to:

- (1) screen mothers for depression;
- (2) identify children who are affected by their mother's depression; and
- (3) provide treatment or referral information on needed services.

Sec. 2. **INSTRUCTIONS TO COMMISSIONERS; PLAN.**

(a) By September 1, 2014, the commissioners of human services, health, and education shall develop a joint plan to reduce the prevalence of parental depression and other serious mental illness and the potential impact of unaddressed parental mental illness on children. The plan must include specific goals, outcomes, and recommended measures to determine the impact of interventions on the incidence of parental depression and child well-being, including early childhood screening and the school readiness of high-risk children. The plan shall address ways to encourage a multigenerational approach to adult mental health and child well-being in public health, health care, adult and child mental health, child welfare, and other relevant programs and policies, and include recommendations to increase public awareness about untreated parental depression and its potential harmful impact on children.

(b) To identify key goals and objectives to be included in the plan, the commissioners may consult with multisector, multidisciplinary stakeholders including, but not limited to, local public health agencies, health providers, mental health providers, researchers, early childhood professionals, and advocates. The commissioners may use the findings and recommendations of the visible child work group established in Laws 2012, chapter 247, article 3, section 27, in developing its recommendations.

(c) Jointly prepared biennial reports must be submitted to the legislature beginning December 15, 2015. The reports must address progress on plan implementation, budget and policy recommendations, and data on access to relevant services and resources reported by race, geography, and income. The reports must address progress in achieving goals established by Minnesota Milestones or other relevant statewide goals.

(d) The Department of Human Services, Children's Mental Health Division, is the lead agency and is responsible for compiling data; coordinating development of joint performance measures; and convening the agencies and divisions in order to implement the plan developed under paragraph (a), aimed at reducing the prevalence of maternal depression and its adverse impact on child development. The Children's Mental Health Division is responsible for submitting the initial and biennial plans.

ARTICLE 3
APPROPRIATIONS

Section 1. **MENTAL HEALTH CONSULTATION.**

\$..... in fiscal year 2014 and \$..... in fiscal year 2015 are appropriated from the general fund to the commissioner of human services to provide mental health consultation to early Head Start and Head Start programs, child care centers, family day care providers, and legally unlicensed family child care providers in order to reduce the number of children expelled from these programs due to behavioral, emotional, and developmental issues.

Sec. 2. **CHILDREN'S MENTAL HEALTH GRANTS.**

\$..... in fiscal year 2014 and \$..... in fiscal year 2015 are appropriated from the general fund to the commissioner of human services for children's mental health grants.

Sec. 3. **HOME VISITING PROGRAMS.**

\$..... in fiscal year 2014 and \$..... in fiscal year 2015 are appropriated from the general fund to the commissioner of health for grants to local public health agencies to implement evidence-based family home visiting programs for high-risk families under Minnesota Statutes, section 145A.17."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 1051, A bill for an act relating to public safety; clarifying certain statutory provisions relating to crime victim rights and programs; providing for a restitution working group; amending Minnesota Statutes 2012, sections 611A.0315; 611A.036, subdivision 7; 629.72, subdivisions 1, 2, 6, 7; 629.73; proposing coding for new law in Minnesota Statutes, chapter 13.

Reported the same back with the following amendments:

Page 1, line 13, delete "the notice provided" and insert "that the notice was requested and provided to that person"

Page 7, line 30, delete "....." and insert "15"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1113, A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying provisions for Legislative-Citizen Commission on Minnesota Resources; modifying requirements for land acquisition with trust fund money; amending Minnesota Statutes 2012, sections 116P.05, subdivisions 1, 2; 116P.09, subdivision 2; 116P.15; 116P.16; 116P.17; proposing coding for new law in Minnesota Statutes, chapter 116P.

Reported the same back with the following amendments:

Page 13, line 18, after the period, insert "The United States Geologic Survey is not subject to the requirements in Minnesota Statutes, section 116P.10."

Page 16, line 16, after the period, insert "The United States Geologic Survey is not subject to the requirements in Minnesota Statutes, section 116P.10."

Page 32, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 2012, section 116P.17, is amended to read:

116P.17 ACQUISITION OF LANDS ~~TO BE CONVEYED TO THE STATE~~ OR INTEREST IN LANDS; COMMISSIONER APPROVAL.

Subdivision 1. Commissioner approval. (a) A recipient of an appropriation from the trust fund who acquires an interest in real property must receive written approval from the commissioner of natural resources prior to the acquisition, if the interest:

~~(1) is acquired in whole or in part with the appropriation; and~~

~~(2) will be conveyed to the state for management by the commissioner.~~ Conservation easements to be held by the Board of Water and Soil Resources are not subject to commissioner approval under this section.

(b) The commissioner shall approve acquisitions under this section only when the interest in real property:

~~(1) is identified as a high priority by the commissioner and meets the objectives and criteria identified in the applicable acquisition plan for the intended management status of the property; or~~

~~(2) meets the objectives and criteria identified in the applicable acquisition plan for the intended management status of the property is otherwise identified by the commissioner as a priority for state financing.~~

Subd. 2. Value assessment. Prior to acquiring an interest in real property with an appropriation from the trust fund, a recipient of an appropriation must submit the most recent tax assessed value of the real property and the amount the recipient plans to offer for the interest in real property to the commission and the commissioner of natural resources."

With the recommendation that when so amended the bill pass.

The report was adopted.

Huntley from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 1114, A bill for an act relating to human services; modifying provisions related to licensing data, human services licensing, child care programs, financial fraud and abuse investigations, vendors of chemical dependency treatment services, fair hearings, and health-related licensing boards; requiring a report; amending Minnesota Statutes 2012, sections 13.46, subdivisions 3, 4; 119B.125, subdivision 1b; 148E.0555, subdivision 2; 168.012, subdivision 1; 245A.02, subdivision 5a; 245A.04, subdivisions 1, 5, 11; 245A.06, subdivision 1; 245A.07, subdivisions 2, 3, by adding a subdivision; 245A.08, subdivisions 2a, 5a; 245A.146, subdivisions 3, 4; 245A.50, subdivision 4; 245A.65, subdivision 1; 245A.66, subdivision 1; 245B.02, subdivision 10; 245B.04; 245B.05, subdivisions 1, 7; 245B.07, subdivisions 5, 9, 10; 254B.05, subdivision 5; 256.01, subdivision 18d; 268.19, subdivision 1; 471.346; proposing coding for new law in Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 2012, sections 245B.02, subdivision 8a; 245B.07, subdivision 7a.

Reported the same back with the following amendments:

Page 13, after line 15, insert:

"Sec. 8. Minnesota Statutes 2012, section 245A.07, subdivision 2a, is amended to read:

Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of receipt of the license holder's timely appeal, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a notice of hearing by certified mail or personal service at least ten working days before the hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary immediate suspension should remain in effect pending the commissioner's final order under section 245A.08, regarding a licensing sanction issued under subdivision 3 following the immediate suspension. The burden of proof in expedited hearings under this subdivision shall be limited to the commissioner's demonstration that reasonable cause exists to believe that the license holder's actions or failure to comply with applicable law or rule poses, or if the actions of other individuals or conditions in the program poses an imminent risk of harm to the health, safety, or rights of persons served by the program. "Reasonable cause" means there exist specific articulable facts or circumstances which provide the commissioner with a reasonable suspicion that there is an imminent risk of harm to the health, safety, or rights of persons served by the program.

(b) The administrative law judge shall issue findings of fact, conclusions, and a recommendation within ten working days from the date of hearing. The parties shall have ten calendar days to submit exceptions to the administrative law judge's report. The record shall close at the end of the ten-day period for submission of exceptions. The commissioner's final order shall be issued within ten working days from the close of the record. When an appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner shall issue a final order affirming the temporary immediate suspension within ten calendar days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days after a final order affirming an immediate suspension, the commissioner shall make a determination regarding whether a final licensing sanction shall be issued under subdivision 3. The license holder shall continue to be prohibited from operation of the program during this 90-day period.

(c) When the final order under paragraph (b) affirms an immediate suspension, and a final licensing sanction is issued under subdivision 3 and the license holder appeals that sanction, the license holder continues to be prohibited from operation of the program pending a final commissioner's order under section 245A.08, subdivision 5, regarding the final licensing sanction."

Page 18, after line 33, insert:

"Sec. 13. **[245A.1446] FAMILY CHILD CARE DIAPERING AREA DISINFECTION.**

Notwithstanding Minnesota Rules, part 9502.0435, a family child care provider may disinfect the diaper changing surface with either a solution of at least two teaspoons of chlorine bleach to one quart of water or with a surface disinfectant that meets the following criteria:

(1) the manufacturer's label or instructions state that the product is registered with the United States Environmental Protection Agency;

(2) the manufacturer's label or instructions state that the disinfectant is effective against Staphylococcus aureus, Salmonella choleraesuis, and Pseudomonas aeruginosa;

(3) the manufacturer's label or instructions state that the disinfectant is effective with a ten minute or less contact time;

(4) the disinfectant is clearly labeled by the manufacturer with directions for mixing and use;

(5) the disinfectant is used only in accordance with the manufacturer's directions; and

(6) the product does not include triclosan or derivatives of triclosan."

Page 40, after line 7, insert:

"ARTICLE 6
BACKGROUND STUDIES

Section 1. Minnesota Statutes 2012, section 245C.04, is amended to read:

245C.04 WHEN BACKGROUND STUDY MUST OCCUR.

Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at reapplication for a license for family child care.

(c) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services for an adult foster care license holder that is also:

(1) registered under chapter 144D; or

(2) licensed to provide home and community-based services to people with disabilities at the foster care location and the license holder does not reside in the foster care residence; and

(3) the following conditions are met:

(i) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;

(ii) the individual has been continuously affiliated with the license holder since the last study was conducted; and

(iii) the last study of the individual was conducted on or after October 1, 1995.

(d) From July 1, 2007, to June 30, 2009, the commissioner of human services shall conduct a study of an individual required to be studied under section 245C.03, at the time of reapplication for a child foster care license. The county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b), and 5, paragraphs (a) and (b). The background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), clauses (1) to (5), 3, and 4.

(e) The commissioner of human services shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with a child foster care license holder. The county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, 3, and 4.

(f) From January 1, 2010, to December 31, 2012, unless otherwise specified in paragraph (c), the commissioner shall conduct a study of an individual required to be studied under section 245C.03 at the time of reapplication for an adult foster care or family adult day services license: (1) the county shall collect and forward to the commissioner the information required under section 245C.05, subdivision 1, paragraphs (a) and (b), and subdivision 5, paragraphs (a) and (b), for background studies conducted by the commissioner for all family adult day services and for adult foster care when the adult foster care license holder resides in the adult foster care or family adult day services residence; (2) the license holder shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs (a) and (b), for background studies conducted by the commissioner for adult foster care when the license holder does not reside in the adult foster care residence; and (3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5), and subdivisions 3 and 4.

(g) The commissioner shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with an adult foster care or family adult day services license holder: (1) the county shall collect and forward to the commissioner the information required under section 245C.05, subdivision 1, paragraphs (a) and (b), and subdivision 5, paragraphs (a) and (b), for background studies conducted by the commissioner for all family adult day services and for adult foster care when the adult foster care license holder resides in the adult foster care residence; (2) the license holder shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs (a) and (b), for background studies conducted by the commissioner for adult foster care when the license holder does not reside in the adult foster care residence; and (3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivision 1, paragraph (a), and subdivisions 3 and 4.

(h) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study ~~forms~~ requests to the commissioner using the electronic system known as NETStudy before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

(i) A license holder must initiate a new background study through ~~the commissioner's online background study system~~ NETStudy when:

(1) an individual returns to a position requiring a background study following an absence of ~~90~~ 120 or more consecutive days; or

(2) a program that discontinued providing licensed direct contact services for ~~90~~ 120 or more consecutive days begins to provide direct contact licensed services again.

The license holder shall maintain a copy of the notification provided to the commissioner under this paragraph in the program's files. If the individual's disqualification was previously set aside for the license holder's program and the new background study results in no new information that indicates the individual may pose a risk of harm to persons receiving services from the license holder, the previous set-aside shall remain in effect.

(j) For purposes of this section, a physician licensed under chapter 147 is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's background study results.

(k) For purposes of family child care, a substitute caregiver must receive repeat background studies at the time of each license renewal.

Subd. 2. **Other state agencies.** Applicants and license holders under the jurisdiction of other state agencies who are required in other statutory sections to initiate background studies under this chapter must submit completed background study forms to the commissioner before the background study subject begins in a position allowing direct contact in the licensed program or, where applicable, prior to being employed.

Subd. 3. **Personal care provider organizations.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 2, at least upon application for initial enrollment under sections 256B.0651 to 256B.0656 and 256B.0659.

(b) Organizations required to initiate background studies under sections 256B.0651 to 256B.0656 and 256B.0659 for individuals described in section 245C.03, subdivision 2, must submit a completed background study ~~form~~ request to the commissioner using the electronic system known as NETStudy before those individuals begin a position allowing direct contact with persons served by the organization.

(c) Organizations required to initiate background studies under sections 256B.0651 to 256B.0656 and 256B.0659 for individuals described in section 245C.03, subdivision 2, must initiate a new background study through NETStudy when an individual returns to a position requiring a background study following an absence of 120 or more consecutive days.

Subd. 4. **Supplemental nursing services agencies.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 3, at least upon application for registration under section 144A.71, subdivision 1.

(b) Each supplemental nursing services agency must initiate background studies using the electronic system known as NETStudy before an individual begins a position allowing direct contact with persons served by the agency and annually thereafter.

Subd. 5. **Personnel agencies; educational programs; professional services agencies.** Agencies, programs, and individuals who initiate background studies under section 245C.03, subdivision 4, must initiate the studies annually using the electronic system known as NETStudy.

Subd. 6. **Unlicensed home and community-based waiver providers of service to seniors and individuals with disabilities.** (a) Providers required to initiate background studies under section 256B.4912 must initiate a study using the electronic system known as NETStudy before the individual begins in a position allowing direct contact with persons served by the provider.

(b) Except as provided in paragraph (c), the providers must initiate a background study annually of an individual required to be studied under section 245C.03, subdivision 6.

(c) After an initial background study under this subdivision is initiated on an individual by a provider of both services licensed by the commissioner and the unlicensed services under this subdivision, a repeat annual background study is not required if:

(1) the provider maintains compliance with the requirements of section 245C.07, paragraph (a), regarding one individual with one address and telephone number as the person to receive sensitive background study information for the multiple programs that depend on the same background study, and that the individual who is designated to receive the sensitive background information is capable of determining, upon the request of the commissioner, whether a background study subject is providing direct contact services in one or more of the provider's programs or services and, if so, at which location or locations; and

(2) the individual who is the subject of the background study provides direct contact services under the provider's licensed program for at least 40 hours per year so the individual will be recognized by a probation officer or corrections agent to prompt a report to the commissioner regarding criminal convictions as required under section 245C.05, subdivision 7.

Subd. 7. **New study required with legal name change.** (a) For a background study completed on an individual required to be studied under section 245C.03, the license holder or other entity that initiated the background study must initiate a new background study using the electronic system known as NETStudy when an individual who is affiliated with the license holder or other entity undergoes a legal name change.

(b) For background studies subject to a fee paid through the NETStudy system the entity that initiated the background study may either initiate a new study according to paragraph (a) or notify the commissioner of the name change through a notice to the commissioner.

Sec. 2. Minnesota Statutes 2012, section 245C.05, subdivision 6, is amended to read:

Subd. 6. **Applicant, license holder, other entities, and agencies.** (a) The applicant, license holder, other entities as provided in this chapter, Bureau of Criminal Apprehension, law enforcement agencies, commissioner of health, and county agencies shall help with the study by giving the commissioner criminal conviction data and reports about the maltreatment of adults substantiated under section 626.557 and the maltreatment of minors substantiated under section 626.556.

(b) If a background study is initiated by an applicant, license holder, or other entities as provided in this chapter, and the applicant, license holder, or other entity receives information about the possible criminal or maltreatment history of an individual who is the subject of the background study, the applicant, license holder, or other entity must immediately provide the information to the commissioner.

(c) The program or county or other agency must provide written notice to the individual who is the subject of the background study of the requirements under this subdivision.

Sec. 3. Minnesota Statutes 2012, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension;

(5) except as provided in clause (6), information from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5; and

(6) for a background study related to a child foster care application for licensure or adoptions, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years; and

(ii) information from national crime information databases, when the background study subject is 18 years of age or older.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

(c) When the commissioner has reasonable cause to believe that the identity of a background study subject is uncertain, the commissioner may require the subject to provide a set of classifiable fingerprints for purposes of completing a fingerprint-based record check with the Bureau of Criminal Apprehension.

Sec. 4. Minnesota Statutes 2012, section 245C.16, subdivision 1, is amended to read:

Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact with, or access to, people receiving services.

(b) The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm:

(1) the recency of the disqualifying characteristic;

(2) the recency of discharge from probation for the crimes;

(3) the number of disqualifying characteristics;

(4) the intrusiveness or violence of the disqualifying characteristic;

(5) the vulnerability of the victim involved in the disqualifying characteristic;

(6) the similarity of the victim to the persons served by the program where the individual studied will have direct contact;

(7) whether the individual has a disqualification from a previous background study that has not been set aside; and

(8) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 1, the commissioner may order the immediate removal of the individual from any position allowing direct contact with, or access to, persons receiving services from the program.

(c) This section does not apply when the subject of a background study is regulated by a health-related licensing board as defined in chapter 214, and the subject is determined to be responsible for substantiated maltreatment under section 626.556 or 626.557.

(d) This section does not apply to a background study related to an initial application for a child foster care license.

(e) Except for paragraph (f), this section does not apply to a background study that is also subject to the requirements under section 256B.0659, subdivisions 11 and 13, for a personal care assistant or a qualified professional as defined in section 256B.0659, subdivision 1.

(f) If the commissioner has reason to believe, based on arrest information or an active maltreatment investigation, that an individual poses an imminent risk of harm to persons receiving services, the commissioner may order that the person be continuously supervised or immediately removed pending the conclusion of the maltreatment investigation or criminal proceedings.

Sec. 5. Minnesota Statutes 2012, section 245C.20, subdivision 1, is amended to read:

Subdivision 1. **Background studies initiated by program.** A licensed program shall document the date the program initiates a background study under this chapter and the date the subject of the study first has direct contact with persons served by the program in the program's personnel files. When a background study is completed under this chapter, a licensed program shall maintain a notice that the study was undertaken and completed in the program's personnel files. Except when background studies are initiated through the commissioner's online system, if a licensed program has not received a response from the commissioner under section 245C.17 within 45 days of initiation of the background study request, the licensed program must contact the human services licensing division to inquire about the status of the study. If a license holder initiates a background study under the commissioner's online system, but the background study subject's name does not appear in the list of active or recent studies initiated by that license holder, the license holder must either contact the human services licensing division or resubmit the background study information online for that individual.

Sec. 6. Minnesota Statutes 2012, section 245C.22, subdivision 1, is amended to read:

Subdivision 1. **Time frame; response to disqualification reconsideration requests.** (a) The commissioner shall respond in writing or by electronic transmission to all reconsideration requests for which the basis for the request is that the information the commissioner relied upon to disqualify is incorrect or inaccurate within 30 working days of receipt of a complete request and all required relevant information.

(b) If the basis for a disqualified individual's reconsideration request is that the individual does not pose a risk of harm, the commissioner shall respond to the request within 15 working days after receiving ~~the~~ a complete request for reconsideration and all required relevant information.

(c) If the disqualified individual's reconsideration request is based on both the correctness or accuracy of the information the commissioner relied upon to disqualify the individual and the individual's risk of harm, the commissioner shall respond to the request within 45 working days after receiving ~~the~~ a complete request for reconsideration and all required relevant information.

Sec. 7. Minnesota Statutes 2012, section 245C.23, subdivision 2, is amended to read:

Subd. 2. **Commissioner's notice of disqualification that is not set aside.** (a) The commissioner shall notify the license holder of the disqualification and order the license holder to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder if:

(1) the individual studied does not submit a timely request for reconsideration under section 245C.21;

(2) the individual submits a timely request for reconsideration, but the commissioner does not set aside the disqualification for that license holder under section 245C.22, unless the individual has a right to request a hearing under section 245C.27, 245C.28, or 256.045;

(3) an individual who has a right to request a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14 for a disqualification that has not been set aside, does not request a hearing within the specified time; or

(4) an individual submitted a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14, but the commissioner does not set aside the disqualification under section 245A.08, subdivision 5, or 256.045.

(b) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous, direct supervision when providing direct contact services, the order remains in effect pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

(c) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was not previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous direct supervision when providing direct contact services, the commissioner shall order the individual to remain under continuous direct supervision pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

~~(d)~~ (d) For background studies related to child foster care, the commissioner shall also notify the county or private agency that initiated the study of the results of the reconsideration.

~~(e)~~ (e) For background studies related to adult foster care and family adult day services, the commissioner shall also notify the county that initiated the study of the results of the reconsideration.

Sec. 8. Minnesota Statutes 2012, section 245C.28, subdivision 1, is amended to read:

Subdivision 1. **License holder.** (a) If a maltreatment determination or a disqualification for which reconsideration was timely requested and which was not set aside is the basis for a denial of a license under section 245A.05 or a licensing sanction under section 245A.07, the license holder has the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The license holder must submit the appeal under section 245A.05 or 245A.07, subdivision 3.

(b) As provided under section 245A.08, subdivision 2a, if the denial of a license or licensing sanction is based on a disqualification for which reconsideration was timely requested and was not set aside, the scope of the consolidated contested case hearing must include:

(1) the disqualification, to the extent the license holder otherwise has a hearing right on the disqualification under this chapter; and

(2) the licensing sanction or denial of a license.

(c) As provided for under section 245A.08, subdivision 2a, if the denial of a license or licensing sanction is based on a determination of maltreatment under section 626.556 or 626.557, or a disqualification for serious or recurring maltreatment which was not set aside, the scope of the contested case hearing must include:

(1) the maltreatment determination, if the maltreatment is not conclusive under section 245C.29;

(2) the disqualification, if the disqualification is not conclusive under section 245C.29; and

(3) the licensing sanction or denial of a license. In such cases, a fair hearing must not be conducted under section 256.045. If the disqualification was based on a determination of substantiated serious or recurring maltreatment under section 626.556 or 626.557, the appeal must be submitted under sections 245A.07, subdivision 3, and 626.556, subdivision 10i, or 626.557, subdivision 9d.

(d) Except for family child care and child foster care, reconsideration of a maltreatment determination under sections 626.556, subdivision 10i, and 626.557, subdivision 9d, and reconsideration of a disqualification under section 245C.22, must not be conducted when:

(1) a denial of a license under section 245A.05, or a licensing sanction under section 245A.07, is based on a determination that the license holder is responsible for maltreatment or the disqualification of a license holder based on serious or recurring maltreatment;

(2) the denial of a license or licensing sanction is issued at the same time as the maltreatment determination or disqualification; and

(3) the license holder appeals the maltreatment determination, disqualification, and denial of a license or licensing sanction. In such cases a fair hearing under section 256.045 must not be conducted under sections 245C.27, 626.556, subdivision 10i, and 626.557, subdivision 9d. Under section 245A.08, subdivision 2a, the scope of the consolidated contested case hearing must include the maltreatment determination, disqualification, and denial of a license or licensing sanction.

Notwithstanding clauses (1) to (3), if the license holder appeals the maltreatment determination or disqualification, but does not appeal the denial of a license or a licensing sanction, reconsideration of the maltreatment determination shall be conducted under sections 626.556, subdivision 10i, and 626.557, subdivision 9d, and reconsideration of the disqualification shall be conducted under section 245C.22. In such cases, a fair hearing shall also be conducted as provided under sections 245C.27, 626.556, subdivision 10i, and 626.557, subdivision 9d.

Sec. 9. Minnesota Statutes 2012, section 245C.28, subdivision 3, is amended to read:

Subd. 3. **Employees of public employer.** (a) A disqualified individual who is an employee of an employer, as defined in section 179A.03, subdivision 15, may request a contested case hearing under chapter 14, and specifically Minnesota Rules, parts 1400.8505 to 1400.8612, following a reconsideration decision under section 245C.23, unless the disqualification is deemed conclusive under section 245C.29. The request for a contested case hearing must be made in writing and must be postmarked and sent within 30 calendar days after the employee receives notice of the reconsideration decision. If the individual was disqualified based on a conviction or admission to any crimes listed in section 245C.15, the scope of the contested case hearing shall be limited solely to whether the individual poses a risk of harm pursuant to section 245C.22.

(b) When an individual is disqualified based on a maltreatment determination, the scope of the contested case hearing under paragraph (a), must include the maltreatment determination and the disqualification. In such cases, a fair hearing must not be conducted under section 256.045.

(c) Rules adopted under this chapter may not preclude an employee in a contested case hearing for a disqualification from submitting evidence concerning information gathered under this chapter.

(d) When an individual has been disqualified from multiple licensed programs, if at least one of the disqualifications entitles the person to a contested case hearing under this subdivision, the scope of the contested case hearing shall include all disqualifications from licensed programs.

(e) In determining whether the disqualification should be set aside, the administrative law judge shall consider all of the characteristics that cause the individual to be disqualified, as well as all the factors set forth in section 245C.22, in order to determine whether the individual poses has met the burden of demonstrating that the individual does not pose a risk of harm. The administrative law judge's recommendation and the commissioner's order to set aside a disqualification that is the subject of the hearing constitutes a determination that the individual does not pose a risk of harm and that the individual may provide direct contact services in the individual program specified in the set aside.

(f) An individual may not request a contested case hearing under this section if a contested case hearing has previously been held regarding the individual's disqualification on the same basis.

Sec. 10. Minnesota Statutes 2012, section 245C.29, subdivision 2, is amended to read:

Subd. 2. **Conclusive disqualification determination.** (a) ~~Unless otherwise specified in statute, a determination that:~~

~~(1) the information the commissioner relied upon to disqualify an individual under section 245C.14 was correct based on serious or recurring maltreatment;~~

~~(2) a preponderance of the evidence shows that the individual committed an act or acts that meet the definition of any of the crimes listed in section 245C.15; or~~

~~(3) the individual failed to make required reports under section 626.556, subdivision 3, or 626.557, subdivision 3, is conclusive if: A disqualification is conclusive for purposes of current and future background studies if:~~

~~(i) (1) the commissioner has issued a final order in an appeal of ~~that determination~~ the disqualification under section 245A.08, subdivision 5, 245C.28, subdivision 3, or 256.045, or a court has issued a final decision;~~

~~(ii) (2) the individual did not request reconsideration of the disqualification under section 245C.21 on the basis that the information relied upon to disqualify the individual was incorrect; or~~

~~(iii) (3) the individual did not timely request a hearing on the disqualification under ~~section 256.045 or this chapter~~, chapter 14, or section 256.045 after previously being given the right to do so.~~

(b) When a licensing action under section 245A.05, 245A.06, or 245A.07 is based on the disqualification of an individual in connection with a license to provide family child care, foster care for children in the provider's own home, or foster care services for adults in the provider's own home, that disqualification shall be conclusive for purposes of the licensing action if a request for reconsideration was not submitted within 30 calendar days of the individual's receipt of the notice of disqualification.

(c) If a ~~determination that the information relied upon to disqualify an individual was correct and~~ disqualification is conclusive under this section, ~~and the individual is subsequently disqualified under section 245C.15, the individual has a right to request reconsideration on the risk of harm under section 245C.21 unless the commissioner is barred from setting aside the disqualification under section 245C.24. Subsequent determinations~~ The commissioner's decision regarding the risk of harm shall be made according to section 245C.22 and are not subject to another the final agency decision and is not subject to a hearing under this chapter, section 256.045 or chapter 14, or section 256.045.

Sec. 11. Minnesota Statutes 2012, section 256.045, subdivision 3b, is amended to read:

Subd. 3b. **Standard of evidence for maltreatment and disqualification hearings.** (a) The state human services referee shall determine that maltreatment has occurred if a preponderance of evidence exists to support the final disposition under sections 626.556 and 626.557. For purposes of hearings regarding disqualification, the state human services referee shall affirm the proposed disqualification in an appeal under subdivision 3, paragraph (a), clause (9), if a preponderance of the evidence shows the individual has:

(1) committed maltreatment under section 626.556 or 626.557, which is serious or recurring;

(2) committed an act or acts meeting the definition of any of the crimes listed in section 245C.15, subdivisions 1 to 4; or

(3) failed to make required reports under section 626.556 or 626.557, for incidents in which the final disposition under section 626.556 or 626.557 was substantiated maltreatment that was serious or recurring.

(b) If the disqualification is affirmed, the state human services referee shall determine whether the individual poses a risk of harm in accordance with the requirements of section 245C.22, and whether the disqualification should be set aside or not set aside. In determining whether the disqualification should be set aside, the human services referee shall consider all of the characteristics that cause the individual to be disqualified, including those characteristics that were not subject to review under paragraph (a), in order to determine whether the individual poses a risk of harm. A decision to set aside a disqualification that is the subject of the hearing constitutes a determination that the individual does not pose a risk of harm and that the individual may provide direct contact services in the individual program specified in the set aside. ~~If a determination that the information relied upon to disqualify an individual was correct and is conclusive under section 245C.29, and the individual is subsequently disqualified under section 245C.14, the individual has a right to again request reconsideration on the risk of harm under section 245C.21. Subsequent determinations regarding risk of harm are not subject to another hearing under this section.~~

(c) If a disqualification is based solely on a conviction or is conclusive for any reason under section 245C.29, the disqualified individual does not have a right to a hearing under this section.

~~(c)~~ (d) The state human services referee shall recommend an order to the commissioner of health, education, or human services, as applicable, who shall issue a final order. The commissioner shall affirm, reverse, or modify the final disposition. Any order of the commissioner issued in accordance with this subdivision is conclusive upon the parties unless appeal is taken in the manner provided in subdivision 7. In any licensing appeal under chapters 245A and 245C and sections 144.50 to 144.58 and 144A.02 to 144A.46, the commissioner's determination as to maltreatment is conclusive, as provided under section 245C.29."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 5, delete "and" and before the first semicolon, insert ", and background studies"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1156, A bill for an act relating to human services; modifying parental contribution amounts; amending Minnesota Statutes 2012, section 252.27, subdivision 2a.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1157, A bill for an act relating to human services; modifying medical assistance provisions related to quality assurance; amending Minnesota Statutes 2012, sections 256B.095; 256B.0951, subdivisions 1, 4; 256B.0952, subdivisions 1, 5; 256B.0955; 256B.097, subdivisions 1, 3; repealing Minnesota Statutes 2012, section 256B.096, subdivisions 1, 2, 3, 4.

Reported the same back with the following amendments:

Page 2, line 11, delete "all"

Page 2, line 12, before "non-opted-in" insert "county listed in paragraph (a) that is a"

Page 2, line 14, delete "another host county" and insert "a county with a delegation agreement with the Department of Human Services"

Page 3, delete section 6

Renumber the sections in sequence and correct the internal references

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 1219, A bill for an act relating to the Metropolitan Airports Commission; requiring commission meetings to be held outside of the airport security area; amending Minnesota Statutes 2012, section 473.604, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1220, A bill for an act relating to education; modifying the Online and Digital Learning Advisory Council; amending Minnesota Statutes 2012, section 124D.095, subdivision 10.

Reported the same back with the following amendments:

Page 1, line 9, delete "14" and insert "15"

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

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 1221, A bill for an act relating to commerce; making various technical and housekeeping changes related to staff adjusters, canceled licenses, and transfer fees; providing producer training requirements for flood insurance products; eliminating the membership camping license requirement; repealing an obsolete collection

agency rule; correcting cross-references; making adjustments to various dollar amounts as required by state law; providing for a method to periodically update Minnesota Statutes to reflect the current dollar amounts as adjusted; amending Minnesota Statutes 2012, sections 47.59, subdivisions 3, 6; 56.12; 56.125, subdivision 2; 56.131, subdivisions 2, 6; 72B.10; 82.62, subdivision 7; 82.63, subdivision 8; 82A.06, subdivision 2; 82A.13, subdivision 1; 82A.18, subdivision 2; 82C.16, subdivision 1; 325G.22, subdivision 1; 510.02, subdivision 1; 550.37, subdivisions 4, 4a, 6, 10, 12a, 23, 24; proposing coding for new law in Minnesota Statutes, chapter 60K; repealing Minnesota Statutes 2012, sections 82A.16; 82A.17; Minnesota Rules, part 2870.1500.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Mahoney from the Committee on Jobs and Economic Development Finance and Policy to which was referred:

H. F. No. 1256, A bill for an act relating to capital investment; appropriating money for a water treatment plant in the city of Garfield; authorizing the sale and issuance of state bonds.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Capital Investment.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 1256 was re-referred to the Committee on Rules and Legislative Administration.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1284, A bill for an act relating to commerce; prohibiting restriction on sale of motor fuel; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1345, A bill for an act relating to human services; modifying provisions related to health care and health disparities; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 62Q.19, subdivision 3; 62U.02, subdivision 1; 145.928, by adding a subdivision; 256B.06, subdivision 4; 256B.0625, by adding a subdivision; 256B.0651, by adding subdivisions; 256B.76, subdivision 4, by adding a subdivision; 256B.763.

Reported the same back with the following amendments:

Page 2, after line 23, insert:

"(c) The commissioner shall ensure that the data collected is sufficient to allow for the calculation and reporting of measures by categories of race, ethnicity, language, and other relevant variables."

Page 2, before line 24, insert:

"Sec. 3. Minnesota Statutes 2012, section 62U.02, subdivision 3, is amended to read:

Subd. 3. **Quality transparency.** The commissioner shall establish standards for measuring health outcomes, establish a system for risk adjusting quality measures, and issue annual public reports on provider quality beginning July 1, 2010. The risk adjustment system for quality measures must include patient characteristics known to be correlated with poorer health, access, quality of care, and other relevant variables. By January 1, 2010, physician clinics and hospitals shall submit standardized electronic information on the outcomes and processes associated with patient care to the commissioner or the commissioner's designee. In addition to measures of care processes and outcomes, the report may include other measures designated by the commissioner, including, but not limited to, care infrastructure and patient satisfaction. The commissioner shall ensure that any quality data reporting requirements established under this subdivision are not duplicative of publicly reported, communitywide quality reporting activities currently under way in Minnesota. Nothing in this subdivision is intended to replace or duplicate current privately supported activities related to quality measurement and reporting in Minnesota."

Page 6, delete lines 2 to 7 and insert:

"(3) Following treatment for an emergency medical condition treated in an emergency room or inpatient hospital setting, the patient's physician or dentist may submit a care plan certification request for necessary follow-up care to the commissioner of human services medical review agent for approval."

Page 6, after line 21, insert:

"Sec. 6. Minnesota Statutes 2012, section 256B.06, is amended by adding a subdivision to read:

Subd. 6. **Enrollment in coverage program.** Persons who are eligible for payment under subdivision 4, paragraphs (e) and (f), are eligible to enroll in a coverage program administered by the commissioner under section 256B.0612.

Sec. 7. **[256B.0612] HEALTH CARE FOR UNINSURED PERSONS.**

Subdivision 1. **Enrollment; services.** Persons who are eligible for payment under section 256B.06, subdivision 4, paragraphs (e) and (f), are eligible to enroll in the Voyager health coverage program administered by the commissioner, through which payment shall be made to enrolled providers for the services authorized in section 256B.06, subdivision 4, and in this subdivision and subdivision 2, that are medically necessary for treatment of an emergency medical condition, as defined in section 256B.06, subdivision 4, paragraph (g), to the extent these services are not otherwise covered under section 256B.06, subdivision 4:

(1) physician services;

(2) federally qualified health center services;

(3) rural health clinic services;

(4) nursing facility services;

(5) home and community-based waiver services;

(6) dental services;

(7) prescription drugs and pharmacy services;

(8) mental health services; and

(9) care coordination provided by a certified health care home.

Subd. 2. **Additional services.** In addition to services that are covered under subdivision 1 and section 256B.06, subdivision 4, the commissioner may authorize payment for the additional services listed in Code of Federal Regulations, title 42, section 440.225, if determined by the commissioner to be medically necessary for the treatment of an emergency medical condition after a case review process administered by the commissioner.

Subd. 3. **Required coverage.** The services covered under subdivisions 1 and 2 are covered whether or not the patient previously was treated in an emergency department or inpatient hospital for the emergency medical condition, if the services are medically necessary for the treatment of an emergency medical condition, and the absence of the services could reasonably be expected to result in:

(1) placing the patient's health in serious jeopardy;

(2) serious impairment to bodily functions; or

(3) serious dysfunction of any bodily organ or part.

Subd. 4. **Contract.** (a) The commissioner may contract with a health plan, provider network, nonprofit coverage program, county or group of counties, or health care delivery system established under sections 256B.0755 or 256B.0756 to administer the coverage program authorized under this section, and may delegate to the contractor the responsibility to perform case reviews and authorize payment. The commissioner may contract under this subdivision on a capitated or fixed budget basis under which the contractor is responsible for providing the covered services to eligible persons within the limits of the capitation or payment amount. The commissioner may also contract using gain-sharing and risk-sharing methods authorized for demonstration projects established under sections 256B.0755 and 256B.0756. If the commissioner contracts on a capitated, fixed-fee payment, or gain-sharing or risk-sharing method, the commissioner shall withhold up to five percent of the payment amount, to be paid only if the contractor achieves standards for quality and cost that are comparable to those required of health care delivery system projects under sections 256B.0755 and 256B.0756.

(b) The commissioner shall separate nursing facility services and pharmacy services from other covered services in order to provide payment for these services under the commissioner's fee-for-service payment system instead of payment to the contracted entity. The commissioner may administer the program through a fee-for-service payment system without a health plan, provider network, coverage program, county or group of counties, or health care delivery system in rural areas and other regions where these options are not feasible or appropriate.

(c) The commissioner shall ensure that in every case an eligible person is able to choose to receive covered services, including services covered under subdivision 2, from an essential community provider, as defined in section 62Q.19, and that the terms of participation of the essential community provider in the health plan, provider network, nonprofit coverage program, county or group of counties, or health care delivery system that has a contract to administer the program under this section are in conformance with the requirements of section 62Q.19.

Subd. 5. **Federal match.** The commissioner shall seek federal financial participation on all services covered under section 256B.06, subdivision 4, and this section to the extent permitted under federal law. Services for which federal financial participation is not available shall be paid for through state appropriations provided for this purpose.

Subd. 6. Coverage subject to appropriation. Coverage under this section shall be authorized by the commissioner to the extent that appropriations made for this purpose are sufficient to cover all services. If appropriations are not sufficient to cover all services, the commissioner may exclude certain services from coverage or limit the number of persons eligible to receive payment for certain services, or both.

Page 8, line 20, after the semicolon, insert "and"

Page 8, delete lines 21 to 23

Page 8, line 24, delete "(iv)" and insert "(iii)"

Page 8, lines 26 and 27, reinstate the stricken language

Page 8, line 28, reinstate "by medical assistance" and reinstate "or MinnesotaCare at a level which"

Page 8, line 29, reinstate the stricken language

Page 8, line 30, reinstate the stricken language and delete the new language

Page 10, line 24, delete "community mental health center"

Page 10, after line 26, insert:

"(i) In addition to the rate increases authorized in this section, payment rates for services rendered on or after January 1, 2014, shall be increased by ten percent over the rate in effect on December 31, 2013, for services by psychiatrists and advanced practice registered nurses with a mental health specialty delivered through a community mental health center as defined in section 256B.0625, subdivision 5, or through essential community providers who are licensed or certified as mental health providers under section 256B.0623 or 256B.0943, or Minnesota Rules, parts 9520.0750 to 9520.0870."

Page 11, after line 12, insert:

"Sec. 18. APPROPRIATION.

\$...... for the fiscal year ending June 30, 2014, and \$...... for the fiscal year ending June 30, 2015, are appropriated from the health care access fund to the commissioner of human services for purposes of Minnesota Statutes, sections 256B.06, subdivision 4, and 256B.0612."

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Mahoney from the Committee on Jobs and Economic Development Finance and Policy to which was referred:

H. F. No. 1359, A bill for an act relating to workers' compensation; making various policy and housekeeping changes; amending Minnesota Statutes 2012, sections 176.102, subdivision 3a; 176.106, subdivision 1; 176.129, subdivision 13; 176.138; 176.183, subdivision 4; 176.245; 176.521.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1383, A bill for an act relating to education; establishing a special education case loads task force; requiring a report.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Education Finance.

The report was adopted.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1395, A bill for an act relating to human services; removing residency ratio restrictions for home and community-based services waiver and general assistance recipients; amending Minnesota Statutes 2012, sections 256B.492; 256D.44, subdivision 5.

Reported the same back with the following amendments:

Page 1, lines 13 to 15, reinstate the stricken language

Page 1, line 16, reinstate the stricken language and before the period, insert ", unless required by the Housing Opportunities for Persons with AIDS program"

Page 1, line 23, before the semicolon, insert ", unless required by the Housing Opportunities for Persons with AIDS program"

Page 2, delete section 2 and insert:

"Sec. 2. **RECOMMENDATIONS FOR CONCENTRATION LIMITS ON HOME AND COMMUNITY-BASED SETTINGS.**

The commissioner of human services shall consult with the Minnesota Olmstead subcabinet, advocates, providers, and city representatives to develop recommendations on concentration limits on home and community-based settings, as defined in Minnesota Statutes, section 256B.492, as well as any other exceptions to the definition. The recommendations must be consistent with Minnesota's Olmstead plan. The recommendations and proposed legislation must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 1, 2014."

Amend the title as follows:

Page 1, line 2, delete "removing" and insert "changing certain"

Page 1, line 3, delete "and general assistance" and after the semicolon, insert "requiring recommendations by the commissioner of human services;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 1416, A bill for an act relating to transportation; amending various provisions related to transportation policy, including logo sign program, trunk highway routes, state-aid systems, motor vehicle registration, license plates, vehicle dealers, pupil transportation, traffic regulations, bicycles, parking, motor vehicle equipment, driver licensing, agency organization, commercial vehicle regulations, railroads, land conveyance, and autonomous vehicles; repealing laws; amending Minnesota Statutes 2012, sections 160.80, subdivisions 1, 1a, 2; 161.04, subdivision 5; 161.115, subdivision 229, by adding a subdivision; 161.1231, subdivision 8; 161.14, by adding a subdivision; 162.02, subdivision 3a; 162.09, subdivision 3a; 162.13, subdivision 2; 168.017, subdivisions 2, 3; 168.053, subdivision 1; 168.123, subdivision 2; 168.183, subdivision 1; 168.187, subdivision 17; 168.27, subdivisions 10, 11, by adding a subdivision; 169.011, subdivision 71; 169.04; 169.18, subdivisions 4, 7; 169.19, subdivision 1; 169.222, subdivisions 2, 4, 6; 169.34, subdivision 1; 169.346, subdivision 2, by adding a subdivision; 169.443, subdivision 9; 169.447, subdivision 2; 169.454, subdivision 12; 169.68; 169.824, subdivision 2; 171.01, subdivision 49b; 171.07, subdivisions 3a, 4; 174.02, by adding a subdivision; 174.24, subdivision 5a; 174.632; 174.636; 219.17; 219.18; 219.20; 221.0314, subdivisions 2, 3a; proposing coding for new law in Minnesota Statutes, chapter 174; repealing Minnesota Statutes 2012, sections 168.094; 174.24, subdivision 5; Minnesota Rules, parts 8820.3300, subpart 2; 8835.0330, subpart 2.

Reported the same back with the following amendments:

Page 25, after line 32, insert:

"Sec. 41. **[174.187] MADE IN MINNESOTA SOLAR INSTALLATIONS.**

Subdivision 1. Definition. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) via manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

(c) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

Subd. 2. **Made in Minnesota solar energy system requirement.** Notwithstanding any other law to the contrary, if the commissioner engages in any project for the construction, improvement, maintenance, or repair of any building, highway, road, bridge, or land owned or controlled by the department and the construction, improvement, maintenance, or repair involves installation of one or more solar photovoltaic modules, the commissioner must ensure that the solar photovoltaic modules purchased and installed are made in Minnesota as defined in subdivision 1, paragraph (b).

Subd. 3. **Application.** Subdivision 2 does not apply if, as a condition of the receipt of federal financial assistance for a specific project, the commissioner is required to use a procurement method that might result in the award of a contract to a manufacturer that does not meet the "Made in Minnesota" criteria established in subdivision 1, paragraph (b)."

Page 27, line 22, before "railroad" insert "Class I"

Page 27, line 25, before "railroad" insert "Class I"

Page 27, line 29, after "(b)" insert "State passenger rail operations or" and delete "rights of employees"

Page 27, line 30, delete "under"

Page 27, line 32, after the second semicolon, insert "and"

Page 27, line 33, delete "; the Railroad"

Page 27, delete lines 34 to 35

Page 28, delete lines 1 and 2

Renumber the sections in sequence

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.

Mahoney from the Committee on Jobs and Economic Development Finance and Policy to which was referred:

H. F. No. 1511, A bill for an act relating to health; directing medical education and research cost funding; establishing a grant program for foreign-trained health care professionals; appropriating money; amending Minnesota Statutes 2012, section 62J.692, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Page 2, line 13, after "programs" insert "or training programs for other health professionals"

Page 3, delete sections 2 and 3

Amend the title as follows:

Page 1, delete line 3

Page 1, line 4, delete "appropriating money;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 1511 was re-referred to the Committee on Rules and Legislative Administration.

Liebling from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1604, A bill for an act relating to health; requiring reporting of diverted narcotics or controlled substances; amending Minnesota Statutes 2012, section 214.33, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 214.33, is amended by adding a subdivision to read:

Subd. 5. **Employer mandatory reporting.** (a) An employer of a person licensed or regulated by a health-related licensing board listed in section 214.01, subdivision 2, and health care institutions and other organizations where the licensed or regulated health care professional is engaged in providing services, shall report to the appropriate licensing board that the licensee or regulated person has diverted narcotics or other controlled substances in violation of state or federal narcotics or controlled substance law when:

(1) the employer or entity making the report has knowledge of the diversion; and

(2) the licensee or regulated person has diverted narcotics from the reporting employer or organization or at the reporting institution.

(b) Subdivision 1 does not waive the requirement to report under this subdivision.

(c) The requirement to report under this subdivision does not apply to licensees or regulated persons who are self-employed or if the knowledge was obtained in the course of a professional-patient relationship if the patient is licensed or regulated by a health licensing board."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 276, 392, 474, 580, 642, 647, 655, 694, 739, 758, 817, 855, 902, 938, 1002, 1051, 1113, 1114, 1219, 1221, 1284, 1359 and 1604 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Persell introduced:

H. F. No. 1662, A bill for an act relating to energy; conservation; requiring the Department of Commerce to consider awarding applied research and development grants for energy controller technology.

The bill was read for the first time and referred to the Committee on Energy Policy.

Hansen introduced:

H. F. No. 1663, A bill for an act relating to the Public Facilities Authority; providing for the use of funding for buyouts under certain conditions; amending Minnesota Statutes 2012, section 446A.075, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment, Natural Resources and Agriculture Finance.

Atkins introduced:

H. F. No. 1664, A bill for an act relating to insurance; modifying pilot project requirements for the agricultural cooperative health plan for farmers; amending Laws 2007, chapter 147, article 12, section 14, as amended.

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Atkins introduced:

H. F. No. 1665, A bill for an act relating to insurance; modifying pilot project requirements for the agricultural cooperative health plan for farmers; amending Laws 2007, chapter 147, article 12, section 14, as amended.

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Fritz introduced:

H. F. No. 1666, A bill for an act relating to unemployment insurance; directing that an appeals hearing must occur within 15 days of filing an appeal; amending Minnesota Statutes 2012, section 268.105, subdivision 1.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy.

Dettmer introduced:

H. F. No. 1667, A resolution memorializing Congress and the President of the United States to amend federal veterans cemetery law to expand eligibility for burial in State Veterans Cemeteries developed with federal funding to include the Hmong-American and Lao-American surrogate fighters of America's Secret War in Laos.

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

Liebling and Norton introduced:

H. F. No. 1668, A bill for an act relating to health; appropriating money for diabetes prevention, treatment, and cure.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Gunther introduced:

H. F. No. 1669, A bill for an act relating to economic development; appropriating money for a southern and southwestern Minnesota initiative foundation collaborative project.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy.

Gunther introduced:

H. F. No. 1670, A bill for an act relating to economic development; appropriating money for entrepreneurial development.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy.

Kieffer introduced:

H. F. No. 1671, A bill for an act relating to state government; providing that legislators and constitutional officers do not participate in the state employee group insurance program; amending Minnesota Statutes 2012, section 43A.24, subdivisions 1, 2.

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

Murphy, M.; Ward, J.E.; Radinovich; Persell and Kahn introduced:

H. F. No. 1672, A bill for an act relating to arts and cultural heritage; appropriating money for Minnesota Public Radio.

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

Kahn; Norton; Nelson; Radinovich; Murphy, M.; Ward, J.E., and Persell introduced:

H. F. No. 1673, A bill for an act relating to state government; appropriating money for Minnesota Public Radio, Inc.

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

Murphy, M., and Dill introduced:

H. F. No. 1674, A bill for an act relating to capital investment; appropriating money for the Two Harbors Marina; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Natural Resources and Agriculture Finance.

Barrett; Davids; Ward, J.E.; Dettmer and Johnson, B., introduced:

H. F. No. 1675, A bill for an act relating to taxation; property; increasing the permitted holding period for exempt property held for economic development for certain cities; amending Minnesota Statutes 2012, section 272.02, subdivision 39.

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

Newberger, Green, Simonson and Kresha introduced:

H. F. No. 1676, A bill for an act relating to natural resources; allowing owner or occupant of land to take geese causing damage; amending Minnesota Statutes 2012, section 97B.655, subdivision 1.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Anderson, S.; Benson, J.; Loon; Schoen; Mack; Lillie and Myhra introduced:

H. F. No. 1677, A bill for an act relating to sales and use tax; exempting purchases made by certain cities; amending Minnesota Statutes 2012, section 297A.70, subdivision 2.

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

Urdahl, Gruenhagen and Davids introduced:

H. F. No. 1678, A bill for an act relating to capital investment; appropriating money for a new municipal building in Cosmos; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy.

Wagenius introduced:

H. F. No. 1679, A bill for an act relating to water; modifying water use fees; appropriating money; amending Minnesota Statutes 2012, sections 103G.271, subdivision 6; 103G.282.

The bill was read for the first time and referred to the Committee on Environment, Natural Resources and Agriculture Finance.

Dehn, R., and Isaacson introduced:

H. F. No. 1680, A bill for an act relating to taxation; providing for reimbursement to taxing jurisdictions for certain property tax disaster abatements; appropriating money.

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

Murphy, M., introduced:

H. F. No. 1681, A bill for an act relating to capital investment; appropriating money for capital improvements at the Northeast Regional Correctional Center (NERCC); authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy.

Atkins introduced:

H. F. No. 1682, A bill for an act relating to commerce; appropriating money for commerce and consumer protection; modifying and providing for certain fees and surcharges; amending Minnesota Statutes 2012, sections 60A.14, subdivision 1; 239.101, subdivision 3; 297I.30, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 297I.

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Davids introduced:

H. F. No. 1683, A bill for an act relating to natural resources; modifying Blufflands Trail system; amending Minnesota Statutes 2012, section 85.015, subdivision 7.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Nelson introduced:

H. F. No. 1684, A bill for an act relating to metropolitan government; providing for redistricting of the Metropolitan Council districts; repealing Minnesota Statutes 2012, section 473.123, subdivision 3d.

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

Erickson, S., introduced:

H. F. No. 1685, A bill for an act relating to education; implementing portions of the 2013 legislative auditor's report on special education.

The bill was read for the first time and referred to the Committee on Education Policy.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Murphy, E., from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Thursday, April 4, 2013 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 607, 75, 201 and 164.

MOTIONS AND RESOLUTIONS

Lesch moved that the name of Masin be added as an author on H. F. No. 84. The motion prevailed.

Davnie moved that the name of Newton be added as an author on H. F. No. 353. The motion prevailed.

Allen moved that the name of Loeffler be added as an author on H. F. No. 485. The motion prevailed.

Mahoney moved that the name of Johnson, C., be added as an author on H. F. No. 534. The motion prevailed.

Mahoney moved that the name of Slocum be added as an author on H. F. No. 600. The motion prevailed.

Atkins moved that the name of Slocum be added as an author on H. F. No. 602. The motion prevailed.

Simonson moved that the name of Newton be added as an author on H. F. No. 699. The motion prevailed.

Faust moved that the name of FitzSimmons be added as an author on H. F. No. 769. The motion prevailed.

Newton moved that the names of Dettmer, Brynaert, Freiberg and Johnson, C., be added as authors on H. F. No. 777. The motion prevailed.

Murphy, M., moved that the name of Johnson, B., be added as an author on H. F. No. 819. The motion prevailed.

Bernardy moved that the name of Isaacson be added as an author on H. F. No. 821. The motion prevailed.

Davnie moved that the name of Isaacson be added as an author on H. F. No. 826. The motion prevailed.

Wills moved that the names of Simonson, Schoen, Lillie and Melin be added as authors on H. F. No. 851. The motion prevailed.

Nelson moved that the name of Isaacson be added as an author on H. F. No. 884. The motion prevailed.

Dehn, R., moved that the name of Loeffler be added as an author on H. F. No. 927. The motion prevailed.

Newton moved that the name of Ward, J.E., be added as an author on H. F. No. 959. The motion prevailed.

Hoppe moved that his name be stricken as an author on H. F. No. 1083. The motion prevailed.

Poppe moved that the name of Schomacker be added as an author on H. F. No. 1092. The motion prevailed.

Isaacson moved that the name of Mullery be added as an author on H. F. No. 1163. The motion prevailed.

Huntley moved that the name of Isaacson be added as an author on H. F. No. 1233. The motion prevailed.

Dettmer moved that the name of Johnson, B., be added as an author on H. F. No. 1241. The motion prevailed.

Hansen moved that the name of Slocum be added as an author on H. F. No. 1336. The motion prevailed.

Gunther moved that the name of Isaacson be added as an author on H. F. No. 1361. The motion prevailed.

Hortman moved that the name of Freiberg be added as an author on H. F. No. 1377. The motion prevailed.

Clark moved that the name of Loeffler be added as an author on H. F. No. 1445. The motion prevailed.

Mariani moved that the name of Moran be added as an author on H. F. No. 1631. The motion prevailed.

Hornstein moved that H. F. No. 1011 be recalled from the Committee on Transportation Finance and be re-referred to the Committee on Taxes. The motion prevailed.

Anzelc moved that H. F. No. 1382, now on the General Register, be re-referred to the Committee on Taxes. The motion prevailed.

Hilstrom moved that H. F. No. 1556, now on the General Register, be re-referred to the Committee on Public Safety Finance and Policy. The motion prevailed.

Kahn introduced:

House Resolution No. 4, A House resolution expressing concern over persistent and credible reports of organ harvesting from criminal detainees and prisoners of conscience in the People's Republic of China, including from large numbers of Falun Gong practitioners imprisoned for their religious beliefs, and members of other religious and ethnic minority groups.

The resolution was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Murphy, E., moved that when the House adjourns today it adjourn until 3:00 p.m., Thursday, April 4, 2013. The motion prevailed.

Murphy, E., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:00 p.m., Thursday, April 4, 2013.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

