

STATE OF MINNESOTA

EIGHTY-NINTH SESSION — 2015

 SIXTY-SECOND DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 15, 2015

The House of Representatives convened at 10:00 a.m. and was called to order by Tim O'Driscoll, Speaker pro tempore.

Prayer was offered by the Reverend Ryan Moravitz, Immaculate Heart Church, Crosslake, 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:

Albright	Dean, M.	Hertaus	Loeffler	Newton	Scott
Allen	Dehn, R.	Hilstrom	Lohmer	Nornes	Selcer
Anderson, M.	Dettmer	Hoppe	Loon	Norton	Simonson
Anderson, P.	Dill	Hornstein	Loonan	O'Driscoll	Slocum
Anderson, S.	Drazkowski	Hortman	Lucero	O'Neill	Smith
Anzelc	Erhardt	Howe	Lueck	Pelowski	Sundin
Applebaum	Erickson	Isaacson	Mack	Peppin	Swedzinski
Atkins	Fabian	Johnson, B.	Mahoney	Persell	Theis
Backer	Fischer	Johnson, C.	Marquart	Petersburg	Thissen
Baker	Franson	Johnson, S.	Masin	Peterson	Torkelson
Barrett	Freiberg	Kahn	McDonald	Pierson	Uglen
Bennett	Garofalo	Kelly	McNamara	Pinto	Urdahl
Bernardy	Green	Kiel	Melin	Poppe	Vogel
Bly	Gruenhagen	Knoblach	Metsa	Pugh	Wagenius
Carlson	Gunther	Koznick	Miller	Quam	Ward
Christensen	Hackbarth	Kresha	Moran	Rarick	Whelan
Clark	Halverson	Laine	Mullery	Rosenthal	Wills
Considine	Hamilton	Lenczewski	Murphy, E.	Runbeck	Winkler
Cornish	Hancock	Lesch	Murphy, M.	Sanders	Yarusso
Daniels	Hansen	Liebling	Nash	Schoen	Youakim
Davids	Hausman	Lien	Nelson	Schomacker	Zerwas
Davnie	Heintzeman	Lillie	Newberger	Schultz	Spk. Daudt

A quorum was present.

Fenton and Mariani 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.

REPORTS OF CHIEF CLERK

S. F. No. 362 and H. F. No. 146, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

Dettmer moved that S. F. No. 362 be substituted for H. F. No. 146 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1973 and H. F. No. 2106, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Quam moved that S. F. No. 1973 be substituted for H. F. No. 2106 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Anderson, S., from the Committee on State Government Finance to which was referred:

S. F. No. 1398, A bill for an act relating to retirement; modifying actuarial assumptions; modifying postretirement adjustment triggers; modifying contribution stabilizers; amending police and firefighter retirement state supplemental aid; creating a monthly benefit division of the statewide volunteer firefighter retirement plan; adopting recommendations of the volunteer firefighter relief association working group; modifying local firefighter relief associations; making small group retirement changes; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, and Public Employees Retirement Association; making technical and conforming changes; merging the Minneapolis Employees Retirement Fund Division into PERA-General; requiring a state financial contribution to fund the merger; permanently extending supplemental fire state aid to volunteer firefighter relief associations; amending Minnesota Statutes 2014, sections 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision 1a; 69.80; 256D.21; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision 2; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions 8, 9; 352.045; 352.22, subdivisions 8, 10; 352.23; 352.27; 352.75, subdivision 2; 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3; 352B.011, subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085; 352B.086; 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25; 352D.02, subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01, subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36, 48; 353.0161, subdivision 2, by adding a subdivision; 353.0162; 353.017, subdivision 2; 353.03, subdivision 3; 353.031, subdivisions 5, 10; 353.05; 353.06; 353.27, subdivisions 1, 3b, 7a, 10, 12, 12a, by adding a subdivision; 353.28, subdivision 5; 353.29, subdivision 7; 353.33, subdivisions 6, 13; 353.34, subdivision 1; 353.35, subdivision 1; 353.37, subdivision 1; 353.46, subdivisions 2, 6; 353.50, subdivisions 6, 8; 353.505; 353.64, subdivisions 7a, 8, 9, 10; 353.656, subdivisions 1a, 1b, 2, 4, 5a; 353D.03, subdivision 3; 353D.071, subdivision 2; 353E.06, subdivisions 5, 6; 353F.01; 353F.02, subdivisions 3, 5a; 353F.04, subdivision 2; 353F.051, subdivisions 1, 2, 3; 353G.01, subdivisions 6, 7, 11, 12, by adding subdivisions; 353G.02; 353G.03; 353G.04; 353G.05; 353G.06; 353G.07; 353G.08; 353G.09; 353G.10; 353G.11; 353G.115; 353G.12, subdivision 2, by adding a subdivision; 353G.13; 353G.14; 353G.15; 353G.16; 354.05, subdivisions 10, 13, 25; 354.07, subdivision 5; 354.092, subdivision 4; 354.42, subdivisions 1a, 4b, 4d; 354.44, subdivisions 8, 9; 354.445; 354.45, subdivision 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5; 354.52, subdivision 4c; 354.55, subdivision 10; 354.72, subdivision 2; 354A.011, subdivision 6; 354A.092; 354A.093, subdivision 6; 354A.096; 354A.108; 354A.12, subdivision 3c; 354A.29, subdivisions 7, 8, 9; 354A.31, subdivision 7; 354A.38, subdivision 3; 355.01, subdivision 3j; 355.07; 356.195, subdivision 2; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 11, 18; 356.245; 356.30, subdivision 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.32, subdivisions 1, 2; 356.40; 356.401, subdivision 3; 356.407, subdivisions 1, 2; 356.415, subdivisions 1, 1a,

1b, 1c, 1d, 1e, 1f, 2; 356.431; 356.44; 356.461, subdivision 2; 356.465, subdivision 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.62; 356.635, subdivision 9, by adding a subdivision; 356B.10, subdivisions 2, 3, 4, 5, 6, 7; 423A.02, subdivision 1b; 423A.022, subdivision 5; 424A.001, subdivision 10, by adding a subdivision; 424A.002, subdivision 1; 424A.016, subdivision 4; 424A.02, subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3; 424A.092, subdivisions 3, 6; 424A.093, subdivisions 5, 6; 480.181, subdivision 2; 490.121, subdivision 4; 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 353G; repealing Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b; 352B.29; 353.01, subdivision 49; 353.025; 353.27, subdivision 1a; 353.50, subdivisions 1, 2, 3, 4, 5, 7, 9, 10; 353.83; 353.84; 353.85; 353D.03, subdivision 4; 354.146, subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13, 16, 19; 354.58; 354.71; 354A.35, subdivision 2a; 354A.42; 356.405; 356.49, subdivision 2; 424A.03, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
INTEREST, SALARY, AND PAYROLL GROWTH ASSUMPTION CHANGES

Section 1. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

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

(1) select and ultimate interest rate assumption

plan	ultimate interest rate assumption
general state employees retirement plan	8.5%
correctional state employees retirement plan	8.5
State Patrol retirement plan	8.5
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8.5
general public employees retirement plan	8.5
public employees police and fire retirement plan	8.5
local government correctional service retirement plan	8.5
teachers retirement plan	8.5%
St. Paul teachers retirement plan	8.5

~~Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, The select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8 percent.~~

(2) single rate interest rate assumption

plan	interest rate assumption
<u>general state employees retirement plan</u>	<u>8%</u>
<u>correctional state employees retirement plan</u>	<u>8</u>
<u>State Patrol retirement plan</u>	<u>8</u>
<u>legislators retirement plan, and for the constitutional officers calculation of total plan liabilities</u>	<u>0</u>

<u>judges retirement plan</u>	<u>8</u>
<u>general public employees retirement plan</u>	<u>8</u>
<u>public employees police and fire retirement plan</u>	<u>8</u>
<u>local government correctional service retirement plan</u>	<u>8</u>
<u>St. Paul teachers retirement plan</u>	<u>8</u>
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighters relief associations	5

(b)(1) If funding stability has been attained, the valuation must use a postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, whichever applies.

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

(c) 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%
judges retirement plan	$\frac{3 \ 2.75}{4}$
Bloomington Fire Department Relief Association	4

(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 B
St. Paul teachers retirement plan	assumption A

For plans other than the St. Paul teachers retirement plan and the local government correctional service 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 the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	9% <u>8.75%</u>
17	5.9	9 <u>8.75</u>
18	5.9	9 <u>8.75</u>
19	5.9	9 <u>8.75</u>
20	5.9	9 <u>8.75</u>
21	5.9	8.75 <u>8.5</u>
22	5.9	8.5 <u>8.25</u>
23	5.85	8.25 <u>8</u>
24	5.8	8 <u>7.75</u>
25	5.75	7.75 <u>7.5</u>
26	5.7	7.5 <u>7.25</u>
27	5.65	7.25 <u>7</u>
28	5.6	7 <u>6.75</u>
29	5.55	6.75 <u>6.5</u>
30	5.5	6.75 <u>6.5</u>
31	5.45	6.5 <u>6.25</u>
32	5.4	6.5 <u>6.25</u>
33	5.35	6.5 <u>6.25</u>
34	5.3	6.25 <u>6</u>
35	5.25	6.25 <u>6</u>
36	5.2	6 <u>5.75</u>
37	5.15	6 <u>5.75</u>
38	5.1	6 <u>5.75</u>
39	5.05	5.75 <u>5.5</u>
40	5	5.75 <u>5.5</u>
41	4.95	5.75 <u>5.5</u>
42	4.9	5.5 <u>5.25</u>
43	4.85	5.25 <u>5</u>
44	4.8	5.25 <u>5</u>
45	4.75	5 <u>4.75</u>
46	4.7	5 <u>4.75</u>
47	4.65	5 <u>4.75</u>
48	4.6	5 <u>4.75</u>
49	4.55	5 <u>4.75</u>
50	4.5	5 <u>4.75</u>
51	4.45	5 <u>4.75</u>
52	4.4	5 <u>4.75</u>
53	4.35	5 <u>4.75</u>
54	4.3	5 <u>4.75</u>
55	4.25	4.75 <u>4.5</u>
56	4.2	4.75 <u>4.5</u>
57	4.15	4.5 <u>4.25</u>
58	4.1	4.25 <u>4</u>
59	4.05	4.25 <u>4</u>
60	4	4.25 <u>4</u>
61	4	4.25 <u>4</u>
62	4	4.25 <u>4</u>

63	4	<u>4.25</u> 4
64	4	<u>4.25</u> 4
65	4	4 <u>3.75</u>
66	4	4 <u>3.75</u>
67	4	4 <u>3.75</u>
68	4	4 <u>3.75</u>
69	4	4 <u>3.75</u>
70	4	4 <u>3.75</u>

(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	10.5% <u>10.25%</u>		12.03% <u>11.78%</u>		12%	13% <u>12.75%</u>		8% <u>7.75%</u>		6% <u>5.75%</u>
2	8.1 <u>7.85</u>		8.9 <u>8.65</u>		9	11 <u>10.75</u>		7.5 <u>7.25</u>		5.85 <u>5.6</u>
3	6.9 <u>6.65</u>		7.46 <u>7.21</u>		8	9 <u>8.75</u>		7 <u>6.75</u>		5.7 <u>5.45</u>
4	6.2 <u>5.95</u>		6.58 <u>6.33</u>		7.5	8 <u>7.75</u>		6.75 <u>6.5</u>		5.55 <u>5.3</u>
5	5.7 <u>5.45</u>		5.97 <u>5.72</u>		7.25	6.5 <u>6.25</u>		6.5 <u>6.25</u>		5.4 <u>5.15</u>
6	5.3 <u>5.05</u>		5.52 <u>5.27</u>		7	6.1 <u>5.85</u>		6.25 <u>6</u>		5.25 <u>5</u>
7	5 <u>4.75</u>		5.16 <u>4.91</u>		6.85	5.8 <u>5.55</u>		6 <u>5.75</u>		5.1 <u>4.85</u>
8	4.7 <u>4.45</u>		4.87 <u>4.62</u>		6.7	5.6 <u>5.35</u>		5.85 <u>5.6</u>		4.95 <u>4.7</u>
9	4.5 <u>4.25</u>		4.63 <u>4.38</u>		6.55	5.4 <u>5.15</u>		5.7 <u>5.45</u>		4.8 <u>4.55</u>
10	4.4 <u>4.15</u>		4.42 <u>4.17</u>		6.4	5.3 <u>5.05</u>		5.55 <u>5.3</u>		4.65 <u>4.4</u>
11	4.2 <u>3.95</u>		4.24 <u>3.99</u>		6.25	5.2 <u>4.95</u>		5.4 <u>5.15</u>		4.55 <u>4.3</u>
12	4.1 <u>3.85</u>		4.08 <u>3.83</u>		6	5.1 <u>4.85</u>		5.25 <u>5</u>		4.45 <u>4.2</u>
13	4 <u>3.75</u>		3.94 <u>3.69</u>		5.75	5 <u>4.75</u>		5.1 <u>4.85</u>		4.35 <u>4.1</u>
14	3.8 <u>3.55</u>		3.82 <u>3.57</u>		5.5	4.9 <u>4.65</u>		4.95 <u>4.7</u>		4.25 <u>4</u>
15	3.7 <u>3.45</u>		3.7 <u>3.45</u>		5.25	4.8 <u>4.55</u>		4.8 <u>4.55</u>		4.15 <u>3.9</u>
16	3.6 <u>3.35</u>		3.6 <u>3.35</u>		5	4.8 <u>4.55</u>		4.65 <u>4.4</u>		4.05 <u>3.8</u>
17	3.5 <u>3.25</u>		3.51 <u>3.26</u>		4.75	4.8 <u>4.55</u>		4.5 <u>4.25</u>		3.95 <u>3.7</u>
18	3.5 <u>3.25</u>		3.5 <u>3.25</u>		4.5	4.8 <u>4.55</u>		4.35 <u>4.1</u>		3.85 <u>3.6</u>
19	3.5 <u>3.25</u>		3.5 <u>3.25</u>		4.25	4.8 <u>4.55</u>		4.2 <u>3.95</u>		3.75 <u>3.5</u>
20	3.5 <u>3.25</u>		3.5 <u>3.25</u>		4	4.8 <u>4.55</u>		4.05 <u>3.8</u>		3.75 <u>3.5</u>
21	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.9	4.7 <u>4.45</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
22	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.8	4.6 <u>4.35</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
23	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.7	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
24	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.6	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
25	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.5	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
26	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.5	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
27	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.5	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
28	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.5	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
29	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.5	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>
30 or more	3.5 <u>3.25</u>		3.5 <u>3.25</u>		3.5	4.5 <u>4.25</u>		4 <u>3.75</u>		3.75 <u>3.5</u>

(d) 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% <u>3.5%</u>
correctional state employees retirement plan	3.75 <u>3.5</u>
State Patrol retirement plan	3.75 <u>3.5</u>
judges retirement plan	3 <u>2.75</u>
general employees retirement plan of the Public Employees Retirement Association	3.75 <u>3.5</u>
public employees police and fire retirement plan	3.75 <u>3.5</u>
local government correctional service retirement plan	3.75 <u>3.5</u>
teachers retirement plan	3.75
St. Paul teachers retirement plan	4

(e) The assumptions set forth in paragraphs (c) and (d) 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 June 30, 2015, and applies to actuarial valuations prepared for an actuarial valuation date after that date.

ARTICLE 2 CONFORMING CHANGES IN REFUND REPAYMENT PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE

Section 1. Minnesota Statutes 2014, section 3A.03, subdivision 2, is amended to read:

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

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

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

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date on which the refund was taken to the date on which the refund is repaid.

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

Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 13a, is amended to read:

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

The employing department, at its option, may pay the employer amount on behalf of its employees. Payment made under this subdivision must include interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year, and must be completed within one year of the return from leave of absence.

Sec. 3. Minnesota Statutes 2014, section 352.04, subdivision 8, is amended to read:

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

(b) If a department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, must pay on later payroll abstracts the employee and employer contributions and an amount equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June 30, 2015, and eight percent thereafter compound annual interest.

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

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

Sec. 4. Minnesota Statutes 2014, section 352.04, subdivision 9, is amended to read:

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

(b) If a deduction for the retirement fund is taken from a salary warrant or check, and the check is canceled or the amount of the warrant or check returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

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

Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS.

When any employee accepts a refund as provided in section 352.22, all existing service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate. They must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. In that event, the employee may repay all refunds previously taken from the retirement fund. Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments made in lieu of salary deductions; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service once credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, clause (5). Payments under this section for repayment of refunds are to be paid with interest at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. They may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in a lump sum up to six months after termination from service.

Sec. 6. Minnesota Statutes 2014, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service.** When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest on it at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

Sec. 7. Minnesota Statutes 2014, section 352D.05, subdivision 4, is amended to read:

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

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

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

Sec. 8. Minnesota Statutes 2014, section 352D.12, is amended to read:

352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.

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

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

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

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

Sec. 9. Minnesota Statutes 2014, section 353.27, subdivision 7a, is amended to read:

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

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

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

Sec. 10. Minnesota Statutes 2014, section 353.27, subdivision 12, is amended to read:

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

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

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

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date the contributions were first payable.

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

Sec. 11. Minnesota Statutes 2014, section 353.27, subdivision 12a, is amended to read:

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at

~~at~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

Sec. 12. Minnesota Statutes 2014, section 353.28, subdivision 5, is amended to read:

Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or section 353.27, subdivision 4, is payable with interest at ~~at~~ the annual compound rate of 8.5 percent until June 30, 2015, and eight percent thereafter from the date due until the date payment is received by the association, with a minimum interest charge of \$10.

Sec. 13. Minnesota Statutes 2014, section 353.35, subdivision 1, is amended to read:

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

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

(c) The rights and benefits of a former member must not be restored until the person returns to active service and acquires at least six months of allowable service credit after taking the last refund and repays the refund or refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at ~~at~~ the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually. If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds must be repaid within six months of the last date of termination of public service.

Sec. 14. Minnesota Statutes 2014, section 354A.093, subdivision 6, is amended to read:

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

Sec. 15. Minnesota Statutes 2014, section 354A.38, subdivision 3, is amended to read:

Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal to refunds the member has accepted plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date that the refund was accepted to the date that the refund is repaid.

Sec. 16. Minnesota Statutes 2014, section 356.44, is amended to read:

356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.

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

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

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent for any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015, and 8 percent thereafter for any other retirement plan listed in section 356.30, subdivision 3, compounded annually, from the refund date to the date repayment is received.

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

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

Sec. 17. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

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

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

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest on the total amount previously received at ~~an~~ the annual rate of 8.5 percent, until June 30, 2015, and eight percent thereafter compounded annually, from the date on which the refund was received until the date on which the refund is repaid.

Sec. 18. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 3
CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT PURCHASE PROVISIONS
RELATED TO INTEREST ASSUMPTION CHANGE

Section 1. Minnesota Statutes 2014, section 352.017, subdivision 2, is amended to read:

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

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at ~~a~~ the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave period

until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

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

Sec. 2. Minnesota Statutes 2014, section 352.27, is amended to read:

352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED SERVICE.

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

(b) The employee may obtain credit by paying into the fund an equivalent employee contribution 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 during the purchase period that the employee would have received if the employee 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 employee's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service.

(c) The equivalent employer contribution and, if applicable, the equivalent additional employer contribution provided in this chapter must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in this chapter, 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 employee contribution.

(d) If the employee equivalent contributions provided in this section are not paid in full, the employee'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 employee contribution received by the total employee contribution otherwise required under this section.

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

(f) 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.

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter 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.

Sec. 3. Minnesota Statutes 2014, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee who is transferred to plan coverage 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~~ the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter.

(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~~ the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter.

(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.

Sec. 4. Minnesota Statutes 2014, section 352B.013, subdivision 2, is amended to read:

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

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

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

Sec. 5. Minnesota Statutes 2014, section 352B.085, is amended to read:

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

A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may make payment to the fund for the difference between salary received, if any, and the salary that the member would normally receive if the member was not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year, and must be completed within one year of the member's return from the leave of absence.

Sec. 6. Minnesota Statutes 2014, section 352B.086, is amended to read:

352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.

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

(b) The member may obtain credit by paying into the fund an equivalent member contribution based on the member 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 during the purchase period that the member would have received if the member had continued to provide employment services to the state 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 during the 12-month period of covered employment rendered immediately preceding the purchase period.

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

(d) If the member equivalent contributions provided for in this section 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 section.

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

(f) The amount of allowable 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.

(g) The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 7. Minnesota Statutes 2014, section 352D.11, subdivision 2, is amended to read:

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

Sec. 8. Minnesota Statutes 2014, 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 until June 30, 2015, and eight percent thereafter~~, 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 ~~until June 30, 2015, and eight percent interest thereafter~~, 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 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 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~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter 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) 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.

(d) MS 2002 [Expired]

Sec. 9. Minnesota Statutes 2014, section 353.0161, subdivision 2, is amended to read:

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

(b) If payment is received by the executive director within one year from the date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, or at termination of public service, whichever is earlier, multiplied by the employee's average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the number of months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at ~~a~~ the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date the person terminates public service under section 353.01, subdivision 11a.

Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.

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

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

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

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

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

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

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

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

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

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

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

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter, prorated for applicable months from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized medical leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 consecutive months of authorized medical leave.

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

Sec. 11. Minnesota Statutes 2014, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus annual interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 12. Minnesota Statutes 2014, section 354A.108, is amended to read:

354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.

(a) A member of the Duluth Teachers Retirement Fund Association who is receiving temporary workers' compensation payments related to the member's teaching service and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to receive allowable service credit for the period of time that the member is receiving the workers' compensation payments upon making the required payment amount.

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section 354A.12, subdivision 1, multiplied by the differential salary amount.

(c) If the member makes the employee payment under this section, the employing unit shall make an employer payment to the Duluth Teachers Retirement Fund Association equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied by the differential salary amount.

(d) Payments made under this subdivision are payable without interest if paid by June 30 of the year during which the workers' compensation payments are received by the member. If paid after June 30, payments made under this subdivision must include interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year. Payment under this section must be completed within one year of the termination of the workers' compensation payments to the member.

Sec. 13. Minnesota Statutes 2014, section 356.195, subdivision 2, is amended to read:

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

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

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

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

Sec. 14. Minnesota Statutes 2014, section 356.50, subdivision 2, is amended to read:

Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable service credit, the eligible person under subdivision 1 shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including unemployment insurance, workers' compensation, or wages from other sources which reduced the back award. No contributions may be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award or within 60 days of a billing from the retirement fund, whichever is later.

(b) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph (a). Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent until June 30, 2015, and 8 percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph (a).

Sec. 15. Minnesota Statutes 2014, section 356.551, subdivision 2, is amended to read:

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

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

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

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

Sec. 16. Minnesota Statutes 2014, section 490.121, subdivision 4, is amended to read:

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

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during

the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus annual compound interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter from the date of the termination of the leave to the date on which payment is made. The payment must be made within one year of the date on which the authorized leave of absence terminated. Service credit for an authorized leave of absence is in addition to a uniformed service leave under section 490.1211.

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

Sec. 17. Minnesota Statutes 2014, section 490.1211, is amended to read:

490.1211 UNIFORMED SERVICE.

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

(b) The judge may obtain credit by paying into the fund equivalent member contribution based on 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 during the purchase period that the judge would have received if the judge had continued to provide employment services to the state rather than to provide uniformed service, or if the determination of that rate is not reasonably certain, the annual salary rate is the judge's average salary rate during the 12-month period of judicial employment rendered immediately preceding the purchase period.

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

(d) If the member equivalent contributions provided for in this section are not paid in full, the judge'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 section.

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

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

(g) The state court administrator shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 18. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 4
POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY TRIGGER MODIFICATIONS

Section 1. Minnesota Statutes 2014, section 354A.29, subdivision 7, is amended to read:

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

(b) On January 1, each ~~eligible~~ person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar months as of the end of the last day of the previous calendar year, whose effective date of benefit commencement occurred on or before July 1 of the calendar year immediately before the adjustment,~~ is eligible to receive a postretirement increase as specified in subdivision 8 or 9.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 2. Minnesota Statutes 2014, section 354A.29, subdivision 8, is amended to read:

Subd. 8. **Calculation of postretirement adjustments; ~~transitional provision percentage based.~~** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the two most recent actuarial valuations prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

Funding ratio	Postretirement increase
Less than 80 percent	1 percent
At least 80 percent but less than 90 percent	2 percent

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately before the postretirement increase is applied, the ~~full increase amount determined under paragraph (a) must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement increase is applied, calculated to the third decimal place reduced by 50 percent.~~

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent in two consecutive actuarial valuations, ~~this subdivision expires and~~ subsequent postretirement increases must be paid as specified in subdivision 9.

(d) If, following a postretirement increase under paragraph (a), the accrued liability funding ratio, based on the actuarial value of assets, falls below 80 percent for two consecutive actuarial valuations, the applicable postretirement increase must be reduced to one percent until January 1 of the calendar year next following the date on which the requirements for an increase under paragraph (a) are again satisfied.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 3. Minnesota Statutes 2014, section 354A.29, subdivision 9, is amended to read:

Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies if the requirements of subdivision 8 has expired, paragraph (c), have been satisfied.

(b) A percentage adjustment must be ~~computed and~~ paid under this subdivision to eligible persons under subdivision 7. ~~This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost of living adjustments to recipients of federal old age, survivors, and disability insurance. For calculations of postretirement adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by three.~~

~~(c) Before January 1 of each year, the executive director must calculate the amount of the postretirement adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one tenth of one percent.~~

~~(d) (c) The amount calculated under paragraph (c) of 2.5 percent is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the after January 1 of the calendar year immediately before the postretirement adjustment is applied, the full increase postretirement adjustment amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement adjustment is applied, calculated to the third decimal place reduced by 50 percent.~~

~~(e) The adjustment must not be less than zero nor greater than five percent.~~

~~(d) In the event the accrued liability funding ratio based on the actuarial value of assets falls below 90 percent for two consecutive actuarial valuations, the applicable postretirement increase must be determined under subdivision 8 until January 1 of the calendar year next following the date on which the requirements of subdivision 8, paragraph (c), are again satisfied.~~

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 4. Minnesota Statutes 2014, 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, 1e, or 1f, 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~~ as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, 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.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 5. Minnesota Statutes 2014, 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 plans, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, and the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan, 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~~ 12 full months ~~before the January 1 increase as of the June 30 of the calendar year immediately before the adjustment;~~ and

(2) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, 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 commence on January 1, 2011.~~ Increases under this subdivision for the general state employees retirement plan, or the correctional state employees retirement plan, or the judges retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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,~~ including the constitutional officers, and for the unclassified state employees retirement program, terminate on December 31 of the calendar year in which ~~the two prior consecutive~~ actuarial valuation valuations 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) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the general state employees retirement plan or the correctional state employees retirement plan, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:

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

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

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

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

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

~~(e)~~ (e) 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 June 30, 2015.

Sec. 6. Minnesota Statutes 2014, 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 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 of the calendar year immediately before the adjustment;

(2) for 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 of the calendar year immediately before the adjustment, 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 of the calendar year immediately before the adjustment; 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 of the calendar year immediately before the adjustment, 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 two most recent consecutive actuarial valuations 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) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:

- (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or
- (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(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.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 7. Minnesota Statutes 2014, section 356.415, subdivision 1c, is amended to read:

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

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

(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but ~~not~~ less than ~~4~~ 12 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and

(3) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to one percent; or

(4) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.

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

(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to ~~the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 2.5 percent;~~ and

(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 full months, as of the immediate preceding June 30, an amount equal to 1/12 of ~~the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index~~

~~published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

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

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

- (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or
- (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(e) 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.

EFFECTIVE DATE. This section is effective June 30, 2015.

Sec. 8. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

- ~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~
- ~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two 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 a benefit for at least ~~48~~ 12 full months prior to the January 1 increase as of the June 30 of the calendar year immediately before the adjustment;~~
- ~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six one full month, but less than 12~~ full months before the January 1 increase as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months;~~
- ~~(4) (3) for each January 1 following the restoration of funding stability, 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 a benefit for at least ~~48~~ 12 full months prior to the January 1 increase as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(5)~~ (4) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six one month, but less than 12 full months before the January 1 increase as of the June 30 of the calendar year immediately before the adjustment, 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, ~~effective January 1, for which the person has been retired for at least six months but less than 18 months.~~

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

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

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

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

~~(e)~~ (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 Teachers Retirement Association requesting that the increase not be made.

~~(d)~~ (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 354.35 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, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. 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 June 30, 2015.

Sec. 9. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

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

(1) a postretirement increase of one 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~~ 12 full months before the January 1 increase as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six one full~~ month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one 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 commence on January 1, 2014.~~ Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations for the plan 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 85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases under paragraph (a) become effective again on the December 31 of the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations for the plan 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 the assets of the retirement plan equals or is less than 80 percent of the actuarial accrued liability of the retirement plan for two years, or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan for one year and increases under paragraph (c) recommence ~~commence~~ after that date.

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

(1) a postretirement increase of 1.5 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~~ 12 full months ~~before the January 1 increase~~ as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six one full month, but less than 12~~ one full month, but less than 12 full months ~~as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 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.~~ as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 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.

(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted 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.

(e) 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 June 30, 2015.

Sec. 10. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.** (a) The increases provided under this subdivision begin on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.75 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~~ 12 full months ~~before the January 1 increase~~ as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75 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.~~

(c) Increases under this subdivision terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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 judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin on the January 1 next following that date.

(d) 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 June 30, 2015.

Sec. 11. **REPEALER.**

Minnesota Statutes 2014, section 354A.42, is repealed.

EFFECTIVE DATE. This section is effective June 30, 2015.

ARTICLE 5 CONTRIBUTION STABILIZER PROVISION MODIFICATIONS

Section 1. Minnesota Statutes 2014, section 352.045, is amended to read:

352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.

Subdivision 1. **Application.** This section applies to the general state employees retirement plan ~~and to established under this chapter,~~ the correctional state employees retirement plan established under this chapter, ~~and to the state patrol retirement plan established under chapter 352B.~~

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for ~~purposes of the~~ applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3a. **Contribution rate revision; general state employees retirement plan.** (a) Notwithstanding the contribution rates ~~stated in plan law as specified in law governing the applicable retirement plan,~~ the board of directors of the Minnesota State Retirement System may adjust the employee and employer contribution rates for the general state employees retirement plan ~~must be adjusted:~~

~~(1) if the regular actuarial valuation of the plan prepared 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 under subdivision 2 equal to or greater than 0.5 one-half of one 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~~ determined contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates ~~must~~ may 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~~ Any decrease may be made until at least two years have elapsed since any adjustment under this paragraph has been fully implemented in employee and employer contribution rates must not result in total contributions that are less than the sum of the normal cost and administrative expenses of the retirement plan.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the board of directors may increase the employee and employer contribution rates ~~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) To determine if an adjustment is to be made, the board of directors shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates calculated based on the actuarial value of assets and calculated based on the market value of assets; the funded ratio calculated based on the actuarial value of assets; the funded ratio calculated based on the market value of assets; the remaining number of years to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contribution projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

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

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

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

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

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

(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.

Sec. 2. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Notwithstanding the contribution rate provision specified under subdivisions 2, 3, and 3a, the board of trustees of the Public Employees Retirement Association may adjust the employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 ~~must be adjusted:~~

~~(1) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association prepared under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) 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 general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution deficiency under paragraph (a) equal to or greater than 0.5 one-half of one percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (d) to a level such that no deficiency exists based on the most recent actuarial valuation.~~

(c) If the actuarially ~~required~~ determined contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 ~~must may be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching 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 subdivision has been fully implemented. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the total of the normal cost of the retirement plan and the administrative expenses of the retirement plan.~~

(d) If the actuarially ~~required~~ determined contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the board of trustees may increase the employee and matching employer contribution rates ~~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 for the general employees retirement plan employee and matching 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 for the employee and matching employer contribution rates; or~~

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

(e) ~~The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made without the inclusion of the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division. To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.~~

(f) 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 the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' ~~recommendation to adjust adjustment to~~ the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially ~~required~~ determined contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

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

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

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

Sec. 3. Minnesota Statutes 2014, section 354.42, subdivision 4b, is amended to read:

Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the Board of Trustees of the Teachers Retirement Association may adjust the employee and employer contribution rates may be adjusted as follows:

~~(1) if, after June 30, 2015, the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll and the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates for the plan may each be decreased to a level such that the sufficiency equals no more than one percent of covered payroll based on the most recent actuarial valuation; or~~

~~(2) if, after June 30, 2015, the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than 0.25 one-half of one percent of covered payroll and the deficiency has existed for at least two consecutive years, the employee and employer contribution rates for the applicable plan may each be increased by:~~

~~(i) 0.25 percent if the deficiency is less than two percent of covered payroll;~~

~~(ii) 0.5 percent if the deficiency is equal to or greater than two percent of covered payroll and less than or equal to four percent; and~~

~~(iii) 0.75 percent if the deficiency is greater than four percent. Any decrease in employee and employer contribution rates must not result in the total of contribution rates that is less than the total of normal cost and administrative expenses.~~

(b) To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 354.42, subdivision 4d, is amended to read:

Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease made under subdivision 4b, ~~as determined by the executive director of the Teachers Retirement Association,~~ must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1 and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination ~~by the executive director~~ that a contribution deficiency or sufficiency exists based on the most recent actuarial valuation under section 356.215.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 6 POLICE AND FIREFIGHTER RETIREMENT SUPPLEMENTAL STATE AID

Section 1. Minnesota Statutes 2014, section 423A.022, subdivision 5, is amended to read:

Subd. 5. **Aid termination.** (a) The aid program under this section subdivision 2, paragraph (a), clauses (1) and (3), ends on the December 1 next following the actuarial valuation date on which the assets of the retirement plan on a market value basis equals or exceeds 90 percent of the total actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation prepared under section 356.215 and the Standards for Actuarial Work promulgated by the Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan or the public employees police and fire retirement plan, whichever occurs last.

(b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

ARTICLE 7 STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN LUMP SUM RETIREMENT DIVISION MODIFICATIONS

Section 1. Minnesota Statutes 2014, section 353G.09, subdivision 3, is amended to read:

Subd. 3. **Alternative pension eligibility and computation.** (a) An active member of the retirement plan is entitled to an alternative lump-sum service pension from the retirement plan if the person:

(1) has separated from active service with the fire department for at least 30 days;

(2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighters relief association as of the date immediately ~~prior to~~ before the election of the retirement coverage change, whichever is later;

(3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighters relief association or of the retirement plan, but has not rendered at least five years of good time service credit as a member of the retirement plan; and

(4) applies in a manner prescribed by the executive director for the service pension.

(b) If retirement coverage ~~prior to~~ before statewide retirement plan coverage was provided by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum service pension is the service pension amount specified in the bylaws of the applicable former volunteer firefighters relief association either as of the date immediately ~~prior to~~ before the election of the retirement coverage change or as of the date immediately before the termination of firefighting services, whichever is earlier, multiplied by the total number of years of service as a member of that volunteer firefighters relief association and as a member of the retirement plan. If retirement coverage ~~prior to~~ before statewide retirement plan coverage was provided by a defined contribution plan volunteer firefighters relief association, the alternative lump-sum service pension is an amount equal to that portion of the person's account balance that the person was vested for as of the date immediately ~~prior to~~ before the date on which statewide retirement plan coverage was first provided to the person plus six percent annual compound interest from that date until the date immediately ~~prior to~~ before the date of retirement.

Sec. 2. Minnesota Statutes 2014, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Service pension levels.** Except as provided in subdivision 1a, the retirement plan provides the following levels of service pension amounts per full year of good time service credit to be selected at the election of coverage, or, if fully funded, thereafter:

Level A	\$500 per year of good time service credit
Level B	\$600 per year of good time service credit
Level C	\$700 per year of good time service credit
Level D	\$800 per year of good time service credit
Level E	\$900 per year of good time service credit
Level F	\$1,000 per year of good time service credit
Level G	\$1,250 per year of good time service credit
Level H	\$1,500 per year of good time service credit
Level I	\$2,000 per year of good time service credit
Level J	\$2,500 per year of good time service credit
Level K	\$3,000 per year of good time service credit
Level L	\$3,500 per year of good time service credit
Level M	\$4,000 per year of good time service credit
Level N	\$4,500 per year of good time service credit
Level O	\$5,000 per year of good time service credit
Level P	\$5,500 per year of good time service credit
Level Q	\$6,000 per year of good time service credit
Level R	\$6,500 per year of good time service credit
Level S	\$7,000 per year of good time service credit
Level T	\$7,500 per year of good time service credit

(1) a minimum service pension level of \$500 per year;

(2) a maximum service pension level of \$7,500 per year; and

(3) 69 service pension levels between the minimum level and the maximum level in \$100 increments.

Sec. 3. Minnesota Statutes 2014, section 353G.11, subdivision 1a, is amended to read:

Subd. 1a. **Continuation of prior service pension levels.** (a) If a municipality or independent nonprofit firefighting corporation elects to be covered by the retirement plan prior to before January 1, 2010, and selects the \$750 per year of good time service credit service pension amount effective for January 1, 2010, that level continues for the volunteer firefighters of that municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2010.

(b) If a municipality or independent nonprofit firefighting corporation elected to be covered by the retirement plan before January 1, 2015, and selected a service pension level under subdivision 1, other than a good time service credit service pension amount under subdivision 1, that level continues for the volunteer firefighters of the municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2014.

Sec. 4. Minnesota Statutes 2014, section 353G.11, subdivision 2, is amended to read:

Subd. 2. **Level selection.** ~~At the time of~~ After the election to transfer of retirement coverage, or on April 30 thereafter to the retirement plan, the governing body or bodies of the entity or entities operating the fire department whose firefighters are covered by the retirement plan may request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department. Within ~~90~~ 120 days of the receipt of the cost estimate prepared by the executive director using a procedure certified as accurate by the approved actuary retained by the Public Employees Retirement Association, the governing body or bodies may approve the service pension level change, effective for January 1 of the following calendar year unless the governing body or bodies specify in the approved document an effective date as the January 1 of the second year following the level increase approval. If the approval occurs after April 30, the required municipal contribution for the following calendar year must be recalculated and the results reported to the municipality or municipalities. If not approved in a timely fashion, the service pension level change is considered to have been disapproved.

Sec. 5. Minnesota Statutes 2014, section 353G.11, subdivision 4, is amended to read:

Subd. 4. **Ancillary benefits.** Except as provided under section 353G.115, no disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor benefit is payable from the retirement plan.

Sec. 6. Minnesota Statutes 2014, section 353G.13, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement plan who also renders firefighting service and has good time service credit in the retirement plan from another fire department, if the number of years of good time service credit in the plan from a combination of nonconcurrent periods totals at least five years, is eligible, upon complying with the other requirements of section 353G.09, to receive a service pension upon filing an application in the manner prescribed by the executive director, computed as provided in subdivision 2.

Sec. 7. Minnesota Statutes 2014, section 353G.13, subdivision 2, is amended to read:

Subd. 2. **Combined service pension computation.** The service pension payable to a firefighter who qualifies under subdivision 1 is the per year of good time service credit service pension amount in effect for each account in which the firefighter has one or more years of good time service credit as of the date on which the firefighter

terminated active service with the fire department associated with the applicable account, multiplied by the number of years of good time service credit that the firefighter has in the applicable account and adjusted for the vesting percentage based on the total number of years of good time service covered in the applicable accounts.

Sec. 8. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 8
STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN MONTHLY
BENEFIT RETIREMENT DIVISION CREATION

Section 1. Minnesota Statutes 2014, section 11A.17, subdivision 2, is amended to read:

Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the money certified and transmitted to the state board from the participating public retirement plans and funds and from the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan under section 353G.08.

(b) With the exception of the assets of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund, the assets must be used to purchase investment shares in the investment accounts as specified by the plan or fund. The assets of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund must be invested in the volunteer firefighter account.

(c) These accounts must be valued at least on a monthly basis but may be valued more frequently as determined by the State Board of Investment.

Sec. 2. Minnesota Statutes 2014, section 353G.01, subdivision 6, is amended to read:

Subd. 6. **Fund.** "Fund" means the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

Sec. 3. Minnesota Statutes 2014, section 353G.01, subdivision 7, is amended to read:

Subd. 7. **Good time service credit.** "Good time service credit" means the length of service credit for an active firefighter that is reported by the applicable fire chief based on the minimum firefighter activity standards of the fire department. The credit may be ~~recognized~~ reported on an annual or monthly basis.

Sec. 4. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the retirement fund that contains the assets applicable to the lump-sum retirement division.

Sec. 5. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 7b. **Lump-sum retirement division.** "Lump-sum retirement division" means the division of the plan governed by section 353G.11.

Sec. 6. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion of the retirement fund that contains the assets applicable to the monthly benefit retirement division.

Sec. 7. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement division" means the division of the plan governed by section 353G.113.

Sec. 8. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision to read:

Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan document", for an account in the monthly benefit retirement division, means the articles of incorporation and bylaws of the prior former volunteer firefighters relief association in effect on the day before the date on which the retirement coverage transfer under section 353G.05 occurred or as provided in the most recent modification under section 353G.121.

Sec. 9. Minnesota Statutes 2014, section 353G.01, subdivision 11, is amended to read:

Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

Sec. 10. Minnesota Statutes 2014, section 353G.01, subdivision 12, is amended to read:

Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either the lump-sum retirement division or the monthly benefit retirement division, established by this chapter.

Sec. 11. Minnesota Statutes 2014, section 353G.02, is amended to read:

353G.02 PLAN AND FUND CREATION.

Subdivision 1. **Retirement plan.** The voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan, consisting of a lump-sum retirement division and a monthly benefit retirement division, is created.

Subd. 2. **Administration.** The policy-making, management, and administrative functions related to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan and fund are vested in the board of trustees and the executive director of the Public Employees Retirement Association. Their duties, authority, and responsibilities are as provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken in a manner consistent with chapter 356A.

Subd. 3. **Retirement fund.** (a) The voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund, consisting of a lump-sum account and a monthly benefit account, is created. The fund contains the assets attributable to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan.

(b) The State Board of Investment shall invest those portions of the retirement fund not required for immediate purposes in the voluntary statewide lump-sum volunteer firefighter retirement plan in the statewide ~~lump-sum~~ volunteer firefighter account of the Minnesota supplemental investment fund under section 11A.17.

(c) The commissioner of management and budget is the ex officio treasurer of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund. The commissioner of management and budget's general bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

(d) The revenues of the retirement plan beyond investment returns are governed by section 353G.08 and must be deposited in the retirement fund. The disbursements of the retirement plan are governed by section 353G.08. The commissioner of management and budget shall transmit a detailed statement showing all credits to and disbursements from the retirement fund to the executive director monthly.

Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically audit the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund.

(b) An actuarial valuation of the ~~lump-sum retirement division of the~~ voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan may be performed periodically as determined to be appropriate or useful by the board. An actuarial valuation of the monthly benefit retirement division of the voluntary statewide volunteer firefighter retirement plan must be performed as frequently as required by government sector generally accepted accounting standards. An actuarial valuation must be performed by the approved actuary retained under section 356.214 and must conform with section 356.215 and the standards for actuarial work. An actuarial valuation must contain sufficient detail for each participating employing entity to ascertain the actuarial condition of its account in the fund and the contribution requirement towards its account.

Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board and the executive director with respect to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan is the attorney general.

(b) The board may sue, petition, be sued, or be petitioned under this chapter with respect to the plan or the fund in the name of the board.

(c) The attorney general shall represent the board in all actions by the board or against the board with respect to the plan or the fund.

(d) Venue of all actions related to the plan or fund is in the court for the first judicial district unless the action is an appeal to the Court of Appeals under section 356.96.

Subd. 6. **Initial administrative expenses of the monthly benefit retirement division; allocation of reimbursement.** (a) The administration expenses incurred by the Public Employees Retirement Association in the establishment of the monthly benefit retirement division of the voluntary statewide volunteer firefighters retirement plan, including any computer programming expenses and any actuarial consultant expenses, are payable from the assets of the initial monthly benefit volunteer firefighter relief association that elects to transfer its administration to the voluntary statewide volunteer firefighter retirement plan, following the transfer of assets.

(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that transfer plan administration to the voluntary statewide volunteer firefighters retirement plan. The reimbursement charge for each of the nine is three-tenths of one percent of the market value of assets of the volunteer firefighter relief association as of December 31, 2012. The reimbursement amounts, up to the amount of administrative expenses actually incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the fire department associated with the former monthly benefit volunteer firefighter relief association that first transferred plan administration to the volunteer firefighter retirement plan.

Sec. 12. Minnesota Statutes 2014, section 353G.03, is amended to read:

353G.03 VOLUNTARY STATEWIDE ~~LUMP-SUM~~ VOLUNTEER FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.

Subdivision 1. **Establishment.** A Voluntary Statewide ~~Lump-Sum~~ Volunteer Firefighter Retirement Plan Advisory Board is created.

Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide advice to the board of trustees of the Public Employees Retirement Association about the retirement coverage needs of volunteer firefighters who are members of the retirement plan and about the legislative and administrative changes that would assist the retirement plan in accommodating volunteer firefighters who are not members of the retirement plan.

Subd. 3. **Composition.** (a) The advisory board consists of ~~seven~~ eight members.

(b) The advisory board members are:

(1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;

(2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;

(4) two representatives of Minnesota volunteer firefighters, all who are active volunteer firefighters, one of whom is covered by the lump-sum retirement division and one of whom is covered by the monthly benefit retirement division, appointed by the Minnesota State Fire Chiefs Association;

(5) one representative of Minnesota volunteer firefighters who is covered by the lump-sum retirement division, appointed by the Minnesota State Fire Departments Association; and

~~(5)~~ (6) one representative of the Office of the State Auditor, designated by the state auditor.

Subd. 4. **Term.** ~~(a) The initial terms on the advisory board for the Minnesota townships representative and the Minnesota fire chiefs representative are one year. The initial terms on the advisory board for one of the Minnesota cities representatives and one of the Minnesota active volunteer firefighter representatives are two years. The initial terms on the advisory board for the other Minnesota cities representative and the other Minnesota active volunteer firefighter representative are three years. The term for the Office of the State Auditor representative is determined by the state auditor.~~

(b) ~~Subsequent~~ Terms on the advisory board other than the Office of the State Auditor representative are three years.

Subd. 5. **Compensation of advisory board.** The compensation of members of the advisory board, other than the Office of the State Auditor representative, is governed by section 15.0575, subdivision 3.

EFFECTIVE DATE. Subdivisions 1, 2, 4, and 5 are effective July 1, 2015. Subdivision 3 is effective the July 1 next following the day on which one or more volunteer firefighter relief associations providing monthly service pensions in whole or in part transfer administration of the retirement plan to the Public Employees Retirement Association under Minnesota Statutes, chapter 353G.

Sec. 13. Minnesota Statutes 2014, section 353G.04, is amended to read:

353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE DEPARTMENTS.

The chief executive officers of municipalities and fire departments with volunteer firefighters covered by the voluntary ~~lump-sum~~ statewide volunteer firefighter retirement plan shall provide all relevant information and records requested by the board, the executive director, and the State Board of Investment as required to perform their duties.

Sec. 14. Minnesota Statutes 2014, section 353G.05, is amended to read:

353G.05 PLAN COVERAGE ELECTION.

Subdivision 1. **Coverage.** Any municipality or independent nonprofit firefighting corporation may elect to have its volunteer firefighters covered by the lump-sum retirement division or the monthly benefit retirement division of the retirement plan, whichever applies.

Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of volunteer firefighters by the lump-sum retirement plan division is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage under the lump-sum retirement division.

(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighters relief association or a defined contribution 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 lump-sum retirement division of 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 120 days. If the retirement coverage change is not acted upon within 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.~~

Subd. 3. **Election of coverage; monthly benefit.** (a) The process for electing coverage of volunteer firefighters by the monthly retirement division is initiated by a request to the executive director for an actuarial cost analysis of the prospective retirement coverage under the monthly benefit retirement division. This request must be made by the secretary of the volunteer firefighters relief association and the chief administrative officer of the entity associated with the relief association, both of which must first obtain approval of the request from their respective municipal governing body or independent nonprofit firefighting corporation. The request must be made in writing and must be made on a form prescribed by the executive director.

(b) Coverage by the monthly benefit retirement division may only be elected if the volunteer firefighters are covered by a monthly benefit volunteer firefighters relief association governed by chapter 424A.

(c) The cost analysis under paragraph (a) must be prepared by the approved actuary retained by the Public Employees Retirement Association. The cost analysis must be based on:

(1) the service pension and other retirement benefit types and amounts in effect for the volunteer firefighters relief association as of the date of the request and any other amount or amounts designated by the requesters, as disclosed in a special actuarial valuation prepared under sections 356.215 and 356.216; and

(2) the standards for actuarial work, and the actuarial assumptions utilized in the most recent prior actuarial valuation, except that the applicable interest rate actuarial assumption is six percent.

(d) The secretary of the volunteer firefighters relief association making the request must supply the demographic and financial data necessary for the cost analysis to be prepared.

Subd. 4. **Invested assets review.** If a cost analysis is requested under subdivision 2 or 3, 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 subdivision 5, 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.

Subd. 5. **Finalization; coverage transfer.** Upon receipt of the cost analysis requested under subdivision 2 or 3, 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 120 days. If the retirement coverage change is not acted upon within 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 volunteer firefighter retirement plan is effective on the January 1 next following the approval date.

Sec. 15. Minnesota Statutes 2014, section 353G.06, is amended to read:

353G.06 DISESTABLISHMENT OF PRIOR VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE CHANGE.

Subdivision 1. **Special fund disestablishment.** On the ~~date~~ December 31 immediately prior to the effective date of the coverage change, the special fund of the applicable volunteer firefighters relief association, if one exists, ceases to exist as a pension fund of the association and legal title to the assets of the special fund transfers to the State Board of Investment, with the undivided beneficial title to the assets of the special fund remaining in the applicable volunteer firefighters as a group.

Subd. 2. **Other relief association changes.** In addition to the transfer and disestablishment of the special fund under subdivision 1, notwithstanding any provisions of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer firefighter retirement coverage, if the relief association membership elects to retain the relief association as a fraternal organization after the benefit coverage election, the following changes must be implemented with respect to the applicable volunteer firefighters relief association:

(1) the relief association board of trustees membership is reduced to five, comprised of the fire chief of the fire department and four trustees elected by and from the relief association membership;

(2) the relief association may only maintain a general fund, which continues to be governed by section 424A.06;

(3) the relief association is not authorized to receive the proceeds of any state aid or to receive any municipal funds; and

(4) the relief association may not pay any service pension or benefit that was not authorized as a general fund disbursement under the articles of incorporation or bylaws of the relief association in effect immediately prior to the plan coverage election process.

Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of the volunteer firefighters relief association under this section, the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan is the successor in interest of the special fund of the volunteer firefighters relief association for all claims against the special fund other than a claim against the special fund, the volunteer firefighters relief association, the municipality, the fire department, or any person connected with the volunteer firefighters relief association in a fiduciary capacity under chapter 356A or common law that was based on any act or acts which were not performed in good faith and which constituted a breach of a fiduciary obligation. As the successor in interest of the special fund of the volunteer firefighters relief association, the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan may assert any applicable defense in any judicial proceeding which the board of trustees of the volunteer firefighters relief association or the municipality would have been entitled to assert.

Sec. 16. Minnesota Statutes 2014, section 353G.07, is amended to read:

353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.

(a) Annually, by March 31, the fire chief of the fire department with firefighters who are active members of either the lump-sum retirement plan division or the monthly benefit retirement division shall certify to the executive director the good time service credit for the previous calendar year of each firefighter rendering active service with the fire department.

(b) The fire chief shall provide to each firefighter rendering active service with the fire department notification of the amount of good time service credit rendered by the firefighter for the calendar year. The good time service credit notification must be provided to the firefighter 60 days before its certification to the executive director of the

Public Employees Retirement Association, along with an indication of the process for the firefighter to challenge the fire chief's determination of good time service credit. If the good time service credit amount is challenged in a timely fashion, the fire chief shall hold a hearing on the challenge, accept and consider any additional pertinent information, and make a final determination of good time service credit. The final determination of good time service credit by the fire chief is not reviewable by the executive director of the Public Employees Retirement Association or by the board of trustees of the Public Employees Retirement Association.

(c) The good time service credit certification is an official public document. If a false good time service credit certification is filed or if false information regarding good time service credits is provided, section 353.19 applies.

(d) The good time service credit certification must be expressed as a percentage of a full year of service during which an active firefighter rendered at least the minimum level and quantity of fire suppression, emergency response, fire prevention, or fire education duties required by the fire department under the rules and regulations applicable to the fire department. No more than one year of good time service credit may be certified for a calendar year.

(e) If a firefighter covered by the retirement plan leaves active firefighting service to render active military service that is required to be ~~covered~~ governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the person must be certified as providing a full year of good time service credit in each year of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the good time service credits applicable to that military service credit period are forfeited and cancel at the end of the calendar year in which the federal law time limit occurs.

Sec. 17. Minnesota Statutes 2014, section 353G.08, is amended to read:

353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.

Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a) Annually, the executive director shall determine the funding requirements of each account in the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan on or before August 1. The funding requirements ~~as directed~~ computed under this ~~section, subdivision~~ must be determined using a mathematical procedure developed and certified as accurate by ~~an~~ the approved actuary retained by the Public Employees Retirement Association and must be based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each lump-sum account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

(3) The amount of the total present assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of each lump-sum account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of anticipated future administrative expenses of the account must be calculated by multiplying the dollar amount of the administrative expenses for the most recent prior calendar year by the factor of 1.035.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum retirement ~~plan~~ division is the annual financial requirements of the lump-sum account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 1a. Annual funding requirements; monthly benefit retirement division. (a) Annually, the executive director shall determine the funding requirements of each monthly benefit account in the voluntary statewide volunteer firefighter retirement plan on or before August 1.

(b) The executive director must determine the funding requirements of a monthly benefit account under this subdivision from:

(1) the most recent actuarial valuation normal cost, administrative expense, including the cost of a regular actuarial valuation, and amortization results for the account determined by the approved actuary retained by the retirement association under sections 356.215 and 356.216; and

(2) the standards for actuarial work, utilizing a six percent interest rate actuarial assumption and other actuarial assumptions approved under section 356.215, subdivision 18:

(i) with that portion of any unfunded actuarial accrued liability attributable to a benefit increase to be amortized over a period of 20 years from the date of the benefit change;

(ii) with that portion of any unfunded actuarial accrued liability attributable to an assumption change or an actuarial method change to be amortized over a period of 20 years from the date of the assumption or method change;

(iii) with that portion of any unfunded actuarial accrued liability attributable to an investment loss to be amortized over a period of ten years from the date of investment loss; and

(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over a period of five years from the date of the actuarial valuation.

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly benefit retirement division are the annual financial requirements of the monthly benefit account of the retirement plan under paragraph (b) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(d) The required contribution calculated in paragraph (c) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 2. **Cash flow funding requirement.** If the executive director determines that ~~an~~ a lump-sum retirement or a monthly benefit retirement account in the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan has insufficient assets to meet the service pensions ~~determined~~ expected to be payable from the account over the succeeding two years, the executive director shall certify the amount of the potential service pension shortfall to the municipality or municipalities and the municipality or municipalities shall make an additional employer contribution to the account within ten days of the certification. If more than one municipality is associated with the account, unless the municipalities agree to and implement a different allocation, the municipalities shall allocate the additional employer contribution one-half in proportion to the population of each municipality and one-half in proportion to the estimated market value of the property of each municipality.

Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of the municipality or the independent nonprofit firefighting corporation associated with a fire department covered by a voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan account, the municipality or the corporation may make additional contributions to the applicable account.

(b) The executive director of the Public Employees Retirement Association may specify requirements as to the form, timing, and accompanying information for contributions made under this subdivision.

(c) Any contributions made under this subdivision must be included as total present assets of the account for the calculation of any subsequent annual funding requirements for the account under subdivision 1 or 1a or for the calculation of any cash flow funding requirement under subdivision 2.

Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement account or of a monthly benefit retirement account of the retirement fund may only be disbursed for:

- (1) the administrative expenses of the retirement plan;
- (2) the investment expenses of the retirement fund;
- (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;
- (4) the survivor benefits payable under section 353G.12; and
- (5) the disability benefit coverage insurance premiums under section 353G.115.

Sec. 18. Minnesota Statutes 2014, section 353G.09, is amended to read:

353G.09 RETIREMENT BENEFIT ELIGIBILITY.

Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member of the retirement plan is entitled to a ~~lump-sum~~ service pension from the retirement plan if the person:

- (1) has separated from active service with the fire department for at least 30 days;
- (2) has attained the age of at least 50 years;
- (3) has completed at least five years of good time service credit as a member of the retirement plan if the person is a member of the lump-sum retirement division or has completed at least the minimum number of years of good time service credit as a member of the retirement plan specified in the retirement benefit plan document attributable to the applicable fire department if the person is a member of the monthly benefit retirement division; and
- (4) applies in a manner prescribed by the executive director for the service pension.

Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) If an active member of the lump-sum retirement division has completed less than 20 years of good time service credit as a member of the lump-sum retirement division of the plan, the person's entitlement to a service pension is equal to the nonforfeitable percentage of the applicable service pension amount, as follows:

Completed years of good time service credit	Nonforfeitable percentage of the service pension
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent

13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 and thereafter	100 percent

(b) If an active member of the monthly benefit retirement division has completed less than 20 years of good time service credit as a member of the monthly benefit retirement division of the plan, the person's entitlement to a service pension must be governed by the retirement benefit plan document attributable to the applicable fire department.

Subd. 3. **Alternative lump-sum pension eligibility and computation.** (a) An active member of the lump-sum retirement division of the retirement plan is entitled to an alternative lump-sum service pension from the retirement plan if the person:

(1) has separated from active service with the fire department for at least 30 days;

(2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighters relief association as of the date immediately prior to the election of the retirement coverage change, whichever is later;

(3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighters relief association or of the lump-sum retirement division of the retirement plan, but has not rendered at least five years of good time service credit as a member of the lump-sum retirement division of the plan; and

(4) applies in a manner prescribed by the executive director for the service pension.

(b) If retirement coverage prior to statewide retirement plan coverage was provided by a defined benefit lump-sum retirement plan volunteer firefighters relief association, the alternative lump-sum service pension is the service pension amount specified in the bylaws of the applicable former volunteer firefighters relief association either as of the date immediately ~~prior to~~ before the election of the retirement coverage change or as of the date immediately before the termination of firefighting services, whichever is earlier, multiplied by the total number of years of service as a member of that volunteer firefighters relief association and as a member of the retirement plan. If retirement coverage ~~prior to~~ before statewide retirement plan coverage was provided by a defined contribution plan volunteer firefighters relief association, the alternative lump-sum service pension is an amount equal to the person's account balance as of the date immediately ~~prior to~~ before the date on which statewide retirement plan coverage was first provided to the person plus six percent annual compound interest from that date until the date immediately ~~prior to~~ before the date of retirement.

Sec. 19. Minnesota Statutes 2014, section 353G.10, is amended to read:

353G.10 DEFERRED SERVICE PENSION AMOUNT.

A person who was an active member of a fire department covered by either the lump-sum retirement division or the monthly benefit retirement division of the retirement plan who has separated from active firefighting service for at least 30 days and who has completed at least five years of good time service credit, but has not attained the age of 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years and applying in a manner

specified by the executive director for the service pension. The service pension payable is the nonforfeitable percentage of the service pension under section 353G.09, subdivision 2, and is payable without any interest on or increase in the service pension over the period of deferral.

Sec. 20. Minnesota Statutes 2014, section 353G.11, is amended to read:

353G.11 LUMP-SUM RETIREMENT DIVISION SERVICE PENSION LEVELS.

Subdivision 1. **Levels; lump-sum retirement division.** The lump-sum retirement division of the retirement plan provides the following levels of service pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

Level A	\$500 per year of good time service credit
Level B	\$600 per year of good time service credit
Level C	\$700 per year of good time service credit
Level D	\$800 per year of good time service credit
Level E	\$900 per year of good time service credit
Level F	\$1,000 per year of good time service credit
Level G	\$1,250 per year of good time service credit
Level H	\$1,500 per year of good time service credit
Level I	\$2,000 per year of good time service credit
Level J	\$2,500 per year of good time service credit
Level K	\$3,000 per year of good time service credit
Level L	\$3,500 per year of good time service credit
Level M	\$4,000 per year of good time service credit
Level N	\$4,500 per year of good time service credit
Level O	\$5,000 per year of good time service credit
Level P	\$5,500 per year of good time service credit
Level Q	\$6,000 per year of good time service credit
Level R	\$6,500 per year of good time service credit
Level S	\$7,000 per year of good time service credit
Level T	\$7,500 per year of good time service credit

Subd. 1a. **Continuation of prior lump-sum service pension levels.** If a municipality or independent nonprofit firefighting corporation ~~elects~~ elects to be covered by the lump-sum retirement division of the retirement plan ~~prior to before~~ January 1, 2010, and ~~selects~~ selects the \$750 per year of good time service credit service pension amount effective for January 1, 2010, that level continues for the volunteer firefighters of that municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2010.

Subd. 2. **Lump-sum retirement division level selection.** At the time of the election to transfer retirement coverage to the lump-sum retirement division of the retirement plan, or on April 30 thereafter, the governing body or bodies of the entity or entities operating the fire department whose firefighters are covered by the retirement plan may request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department. Within 90 days of the receipt of the cost estimate prepared by the executive director using a procedure certified as accurate by the approved actuary retained by the Public Employees Retirement Association, the governing body or bodies may approve the service pension level change, effective for the following calendar year. If not approved in a timely fashion, the service pension level change is considered to have been disapproved.

Subd. 3. **Supplemental benefit.** The lump-sum retirement account of the retirement plan also shall pay a supplemental benefit as provided for in section 424A.10.

Subd. 4. **Ancillary benefits.** Except as provided in section 353G.115 or 353G.12, no disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor benefit is payable from the lump-sum retirement account of the retirement plan.

Sec. 21. **[353G.112] MONTHLY BENEFIT RETIREMENT DIVISION SERVICE PENSION LEVELS.**

The service pension amount for the firefighters of a fire department covered by the monthly benefit retirement division of the retirement plan is the amount specified in the retirement benefit plan document applicable to the fire department.

Sec. 22. Minnesota Statutes 2014, section 353G.115, is amended to read:

353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR CASUALTY INSURANCE.

(a) Except as provided in paragraph (b) or (c), no disability benefit is payable from the statewide retirement plan.

(b) If the board approves the arrangement, disability coverage for the lump-sum retirement division of the statewide retirement plan members may be provided through a group disability insurance policy obtained from an insurance company licensed to do business in this state. The lump-sum retirement account of the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement plan is authorized to pay the premium for the disability insurance authorized by this paragraph. The proportional amount of the total annual disability insurance premium must be added to the required contribution amount determined under section 353G.08.

(c) The disability benefit coverage for the monthly benefit retirement division is the disability service pension amount specified in the retirement benefit plan document applicable to the fire department, applicable former volunteer firefighters relief association in effect as of the last day before the date on which retirement coverage transferred to the voluntary statewide volunteer firefighter retirement plan, subject to all conditions and limitations in the disability service pension specified therein.

Sec. 23. Minnesota Statutes 2014, section 353G.12, subdivision 2, is amended to read:

Subd. 2. **Lump-sum retirement plan; survivor benefit amount.** The amount of the survivor benefit for the lump-sum retirement division is the amount of the lump-sum service pension that would have been payable to the member of the lump-sum retirement plan division on the date of death if the member had been age 50 or older on that date.

Sec. 24. Minnesota Statutes 2014, section 353G.12, is amended by adding a subdivision to read:

Subd. 3. **Monthly benefit retirement plan; survivor benefit amount.** The amount of the survivor benefit for the monthly benefit retirement division is the survivor service pension amount specified in the retirement benefit plan document applicable to the fire department, subject to all conditions and limitations for the benefit specified therein.

Sec. 25. **[353G.121] MONTHLY BENEFIT RETIREMENT DIVISION; POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.**

(a) The fire chief of a fire department that has an active membership who are covered by the monthly benefit retirement division of the statewide retirement plan may initiate the process of modifying the retirement benefit plan document under this section.

(b) The modification procedure is initiated when the applicable fire chief files with the executive director of the Public Employees Retirement Association a written summary of the desired benefit plan document modification, the proposed benefit plan document modification language, a written request for the preparation of an actuarial cost estimate for the proposed benefit plan document modification, and payment of the estimated cost of the actuarial cost estimate.

(c) Upon receipt of the modification request and related documents, the executive director shall review the language of the proposed benefit plan document modification and, if a clarification is needed in the submitted language, shall inform the fire chief of the necessary clarification. Once the proposed benefit plan document modification language has been clarified by the fire chief and resubmitted to the executive director, the executive director shall arrange for the approved actuary retained by the Public Employees Retirement Association to prepare a benefit plan document modification cost estimate under the applicable provisions of section 356.215 and of the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. Upon completion of the benefit plan document modification cost estimate, the executive director shall forward the estimate to the fire chief who requested it and to the chief financial officer of the municipality or entity with which the fire department is primarily associated.

(d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate with the active firefighters in the fire department and shall take reasonable steps to provide the estimate results to any affected retired members of the fire department and their beneficiaries. The chief financial officer of the municipality or entity associated with the fire department shall present the proposed modification language and the cost estimate to the governing body of the municipality or entity for its consideration at a public hearing held for that purpose.

(e) If the governing body of the municipality or entity approves the modification language, the chief administrative officer of the municipality or entity shall notify the executive director of the Public Employees Retirement Association of that approval. The benefit plan document modification is effective on the January 1 next following the date of filing the approval with the Public Employees Retirement Association and the state auditor.

Sec. 26. Minnesota Statutes 2014, section 353G.13, is amended to read:

353G.13 LUMP-SUM RETIREMENT DIVISION; PORTABILITY.

Subdivision 1. **Eligibility.** An active firefighter who is a member of the lump-sum retirement division of the retirement plan who also renders firefighting service and has good time service credit in the lump-sum retirement division of the retirement plan from another fire department, if the good time service credit in the plan from a combination of periods totals at least five years, is eligible, upon complying with the other requirements of section 353G.09, to receive a lump-sum service pension upon filing an application in the manner prescribed by the executive director, computed as provided in subdivision 2.

Subd. 2. **Combined service pension computation.** The lump-sum service pension payable to a firefighter who qualifies under subdivision 1 is the per year of good time lump-sum service credit service pension amount in effect for each lump-sum retirement account in which the firefighter has good time service credit as of the date on which the firefighter terminated active service with the fire department associated with the applicable account, multiplied by the number of years of good time service credit that the firefighter has in the applicable account.

Subd. 3. **Payment.** A lump-sum service pension under this section must be paid in a single payment, with the applicable portion of the total lump-sum service pension payment amount deducted from each lump-sum retirement account.

Sec. 27. Minnesota Statutes 2014, section 353G.14, is amended to read:

353G.14 PURCHASE OF ANNUITY CONTRACTS.

The executive director may purchase an annuity contract on behalf of a retiring firefighter retiring from the lump-sum retirement division of the statewide retirement plan with a total premium payment in an amount equal to the lump-sum service pension payable under section 353G.09 if the purchase was requested by the retiring firefighter in a manner prescribed by the executive director. The annuity contract must be purchased from an insurance carrier that is licensed to do business in this state. If purchased, the annuity contract is in lieu of any service pension or other benefit from the lump-sum retirement plan of the retirement plan. The annuity contract may be purchased at any time after the volunteer firefighter discontinues active service, but the annuity contract must stipulate that no annuity amounts are payable before the former volunteer firefighter attains the age of 50.

Sec. 28. Minnesota Statutes 2014, section 353G.15, is amended to read:

353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.

Upon receipt of a determination that the voluntary statewide volunteer firefighter retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, the executive director, upon request, shall transfer ~~the~~ a lump-sum service pension amount under sections 353G.08 and 353G.11 of a former volunteer firefighter who has terminated active firefighting services covered by the lump-sum retirement division of the statewide plan and who has attained the age of at least 50 years to the person's individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended. The transfer request must be in a manner prescribed by the executive director and must be filed by the former volunteer firefighter who has sufficient service credit to be entitled to a service pension or, following the death of a participating active firefighter, must be filed by the deceased firefighter's surviving spouse.

Sec. 29. Minnesota Statutes 2014, section 353G.16, is amended to read:

353G.16 EXEMPTION FROM PROCESS.

The provisions of section 356.401 apply to the voluntary statewide volunteer firefighter retirement plan.

Sec. 30. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

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

(1) select and ultimate interest rate assumption

plan	ultimate interest rate assumption
general state employees retirement plan	8.5%
correctional state employees retirement plan	8.5
State Patrol retirement plan	8.5
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0

judges retirement plan	8.5
general public employees retirement plan	8.5
public employees police and fire retirement plan	8.5
local government correctional service retirement plan	8.5
teachers retirement plan	8.5
St. Paul teachers retirement plan	8.5

Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8 percent.

(2) single rate interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighters relief associations	5
<u>monthly benefit retirement plans in the statewide volunteer firefighter retirement plan</u>	<u>6</u>

(b)(1) If funding stability has been attained, the valuation must use a postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, whichever applies.

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

(c) 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%
judges retirement plan	3
Bloomington Fire Department Relief Association	4

(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 B
St. Paul teachers retirement plan	assumption A

For plans other than the St. Paul teachers retirement plan and the local government correctional service 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 the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	9%
17	5.9	9
18	5.9	9
19	5.9	9
20	5.9	9
21	5.9	8.75
22	5.9	8.5
23	5.85	8.25
24	5.8	8
25	5.75	7.75
26	5.7	7.5
27	5.65	7.25
28	5.6	7
29	5.55	6.75
30	5.5	6.75
31	5.45	6.5
32	5.4	6.5
33	5.35	6.5
34	5.3	6.25
35	5.25	6.25
36	5.2	6
37	5.15	6
38	5.1	6
39	5.05	5.75
40	5	5.75
41	4.95	5.75
42	4.9	5.5
43	4.85	5.25
44	4.8	5.25
45	4.75	5
46	4.7	5
47	4.65	5
48	4.6	5
49	4.55	5
50	4.5	5

51	4.45	5
52	4.4	5
53	4.35	5
54	4.3	5
55	4.25	4.75
56	4.2	4.75
57	4.15	4.5
58	4.1	4.25
59	4.05	4.25
60	4	4.25
61	4	4.25
62	4	4.25
63	4	4.25
64	4	4.25
65	4	4
66	4	4
67	4	4
68	4	4
69	4	4
70	4	4

(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	10.5%	12.03%	12%	13%	8%	6%
2	8.1	8.9	9	11	7.5	5.85
3	6.9	7.46	8	9	7	5.7
4	6.2	6.58	7.5	8	6.75	5.55
5	5.7	5.97	7.25	6.5	6.5	5.4
6	5.3	5.52	7	6.1	6.25	5.25
7	5	5.16	6.85	5.8	6	5.1
8	4.7	4.87	6.7	5.6	5.85	4.95
9	4.5	4.63	6.55	5.4	5.7	4.8
10	4.4	4.42	6.4	5.3	5.55	4.65
11	4.2	4.24	6.25	5.2	5.4	4.55
12	4.1	4.08	6	5.1	5.25	4.45
13	4	3.94	5.75	5	5.1	4.35
14	3.8	3.82	5.5	4.9	4.95	4.25
15	3.7	3.7	5.25	4.8	4.8	4.15
16	3.6	3.6	5	4.8	4.65	4.05
17	3.5	3.51	4.75	4.8	4.5	3.95
18	3.5	3.5	4.5	4.8	4.35	3.85

19	3.5	3.5	4.25	4.8	4.2	3.75
20	3.5	3.5	4	4.8	4.05	3.75
21	3.5	3.5	3.9	4.7	4	3.75
22	3.5	3.5	3.8	4.6	4	3.75
23	3.5	3.5	3.7	4.5	4	3.75
24	3.5	3.5	3.6	4.5	4	3.75
25	3.5	3.5	3.5	4.5	4	3.75
26	3.5	3.5	3.5	4.5	4	3.75
27	3.5	3.5	3.5	4.5	4	3.75
28	3.5	3.5	3.5	4.5	4	3.75
29	3.5	3.5	3.5	4.5	4	3.75
30 or more	3.5	3.5	3.5	4.5	4	3.75

(d) 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
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
St. Paul teachers retirement plan	4

(e) The assumptions set forth in paragraphs (c) and (d) 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 June 30, 2015.

Sec. 31. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 9
VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION WORKING GROUP RECOMMENDATIONS

Section 1. Minnesota Statutes 2014, 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 of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor. ~~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~~ in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant 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 department.

(c) The detailed financial 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 financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to financial statements prepared for calendar year 2015 and thereafter.

Sec. 2. Minnesota Statutes 2014, 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 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 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, 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, and audit-related services, accounting and accounting-related services, and 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.

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

Sec. 3. Minnesota Statutes 2014, section 424A.001, is amended by adding a subdivision to read:

Subd. 12. Membership start date. Membership in a volunteer firefighters relief association begins upon the date of hire by a municipality, a joint powers board, or an independent nonprofit firefighting corporation with which the relief association is directly associated, unless otherwise specified in the relief association bylaws.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 4. Minnesota Statutes 2014, section 424A.002, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A municipal fire department or an independent nonprofit firefighting corporation, with approval by the applicable municipality or municipalities, may establish a new volunteer firefighters relief association or may retain an existing volunteer firefighters relief association. A municipal fire department or an independent nonprofit firefighting corporation may be associated with only one volunteer firefighters relief association at one time.

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

Sec. 5. Minnesota Statutes 2014, section 424A.016, subdivision 4, is amended to read:

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

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

(1) any amounts of fire state aid and police and firefighter retirement supplemental state aid received by the relief association;

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

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

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

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

(c) If the bylaws so permit and as the bylaws define, the relief association may credit any investment return on the assets of the special fund to the accounts of inactive members.

(d) Amounts to be credited to individual accounts must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. Amounts forfeited under paragraph (b), clause (3), before a resumption of active service and membership under section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the resumption of active service and membership. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

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

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

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

Sec. 6. Minnesota Statutes 2014, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

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

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

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00

891	11.00
972	12.00
1053	13.00
1134	14.00
1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00
2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00
2834	35.00
2916	36.00
2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00
3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00
4293	53.00
4374	54.00
4455	55.00
4536	56.00
4617	57.00
4698	58.00
4779	59.00
4860	60.00

4941	61.00
5022	62.00
5103	63.00
5184	64.00
5265	65.00
5346	66.00
5427	67.00
5508	68.00
5589	69.00
5670	70.00
5751	71.00
5832	72.00
5913	73.00
5994	74.00
6075	75.00
6156	76.00
6237	77.00
6318	78.00
6399	79.00
6480	80.00
6561	81.00
6642	82.00
6723	83.00
6804	84.00
6885	85.00
6966	86.00
7047	87.00
7128	88.00
7209	89.00
7290	90.00
7371	91.00
7452	92.00
7533	93.00
7614	94.00
7695	95.00
7776	96.00
7857	97.00
7938	98.00
8019	99.00
8100	100.00
any amount in excess of 8100	100.00

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

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
\$...	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800

1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200
3939	7300
3993	7400
4047	7500
4101	7600

4155	7700
4209	7800
4263	7900
4317	8000
4371	8100
4425	8200
4479	8300
4533	8400
4587	8500
4641	8600
4695	8700
4749	8800
4803	8900
4857	9000
4911	9100
4965	9200
5019	9300
5073	9400
5127	9500
5181	9600
5235	9700
5289	9800
5343	9900
5397	10,000
any amount in excess of 5397	10,000

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

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

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

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

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

Sec. 7. Minnesota Statutes 2014, section 424A.02, subdivision 3a, is amended to read:

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

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

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

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

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

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

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

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

Sec. 8. Minnesota Statutes 2014, section 424A.02, subdivision 9a, is amended to read:

Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or special law to the contrary, a defined benefit relief association paying a monthly service pension may provide a postretirement increase to retired members and ancillary benefit recipients of the relief association if (1) the relief association adopts an appropriate bylaw amendment; and (2) the bylaw amendment is approved by the municipality pursuant to subdivision 10 and section 424A.093, subdivision 6. The postretirement increase is applicable only to retired members and ancillary benefit recipients receiving a monthly service pension or monthly ancillary benefit as of the effective date of the bylaw amendment. The authority to provide a postretirement increase to retired members and ancillary benefit recipients of a relief association contained in this subdivision supersedes any prior special law authorization relating to the provision of postretirement increases.

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

Sec. 9. Minnesota Statutes 2014, section 424A.05, subdivision 2, is amended to read:

Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all fire state aid ~~moneys~~ and police and firefighter retirement supplemental state aid received under sections 69.011 to 69.051 and 423A.022, all taxes levied by or other revenues received from the municipality under sections 424A.091 to 424A.096 or any applicable special law requiring municipal support for the relief association, any ~~moneys~~ funds or property donated, given, granted or devised by any person which is specified for use for the support of the special fund and any interest or investment return earned upon the assets of the special fund. The treasurer of the relief association is the custodian of the assets of the special fund and must be the recipient on behalf of the special fund of all revenues payable to the special fund. The treasurer shall maintain adequate records documenting any transaction involving the assets or the revenues of the special fund. These records and the bylaws of the relief association are public and must be open for inspection by any member of the relief association, any officer or employee of the state or of the municipality, or any member of the public, at reasonable times and places.

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

Sec. 10. Minnesota Statutes 2014, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

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

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

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

(4) for the payment of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

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

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

(b) Checks or authorizations for electronic fund transfers for disbursements authorized by this section must be signed by the relief association treasurer and at least one other elected trustee who has been designated by the board of trustees to sign the checks or authorizations. A relief association may make disbursements authorized by this subdivision by electronic funds transfers only if the specific method of payment and internal control policies and procedures regarding the method are approved by the board of trustees.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 424A.092, subdivision 3, is amended to read:

Subd. 3. **Financial requirements of relief association; minimum obligation of municipality.** (a) During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

(b) The overall funding balance of the special fund for the current calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the current year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31, must be calculated. To the extent possible, for those assets for which a market value is readily ascertainable, the current market value as of the date of the calculation for those assets must be utilized in making this calculation. For any asset for which no market value is readily ascertainable, the cost value or the book value, whichever is applicable, must be utilized in making this calculation.

(3) The amount of the total present assets of the special fund calculated under clause (2) must be subtracted from the amount of the total accrued liability of the special fund calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the special fund is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the special fund is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of the special fund for the following calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the calendar year next following the current calendar year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The increase in the total accrued liability of the special fund for the following calendar year over the total accrued liability of the special fund for the current year must be calculated.

(3) The amount of anticipated future administrative expenses of the special fund must be calculated by multiplying the dollar amount of the administrative expenses of the special fund for the most recent prior calendar year by the factor of 1.035.

(4) If the special fund is fully funded, the financial requirements of the special fund for the following calendar year are the total of the amounts calculated under clauses (2) and (3).

(5) If the special fund has a deficit from full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) plus an amount equal to one-tenth of the original amount of the deficit from full funding of the special fund as determined under clause (2) resulting either from an increase in the amount of the service pension occurring in the last ten years or from a net annual investment loss occurring during the last ten years until each increase in the deficit from full funding is fully retired. The annual amortization contribution under this clause may not exceed the amount of the deficit from full funding.

(6) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under sections 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

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

Sec. 12. Minnesota Statutes 2014, section 424A.092, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is 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, and the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment. If the special fund of the relief association has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

Sec. 13. Minnesota Statutes 2014, section 424A.093, subdivision 5, is amended to read:

Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid and police and firefighter retirement supplemental state aid payable under sections 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(c) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 4 and this subdivision by August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(d) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 69.051.

(e) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue. The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law or charter upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

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

(g) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the state auditor may request from the relief association or from the city a copy of the certifications under this subdivision. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

Sec. 14. Minnesota Statutes 2014, section 424A.093, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding under subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this

section applies is not effective until it is 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. If the special fund of the relief association has a surplus over full funding under subdivision 4, and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

ARTICLE 10
PARTICULAR VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. **ROSEVILLE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; GOVERNANCE AND ADMINISTRATION.**

Subdivision 1. **Retiree board of trustees representation.** (a) Notwithstanding any provision of Minnesota Statutes, section 424A.04, subdivision 1, to the contrary the membership of the board of trustees of the Roseville Volunteer Firefighters Relief Association (RVFRA) is as provided in paragraph (b), with the additional membership of the chief of the fire department, one elected Roseville municipal official, and one elected or appointed Roseville municipal official appointed by the Roseville City Council if:

(1) all service pensions and survivor benefits have not been annuitized as provided under Minnesota Statutes, section 424A.015, subdivision 3; and

(2) the RVFRA is administered by a governing board.

(b)(1) Beginning the day following the effective date of this section, the RVFRA board of trustees shall consist of three active Roseville firefighters elected from the membership of the RVFRA and three retired members of the RVFRA elected from the membership of the relief association.

(2) Beginning on the January 1 next following the date on which the number of active Roseville firefighters who are members of the RVFRA totals 25 or less, the RVFRA board of trustees shall consist of two active firefighters elected from the membership of the RVFRA, and four retired members of the RVFRA elected from the membership of the RVFRA.

(3) Beginning on the January 1 next following the date on which the number of active Roseville firefighters who are members of the RVFRA totals ten or less, the RVFRA board of trustees shall consist of one active firefighter elected from the membership of the RVFRA, and five retired members of the RVFRA elected from the membership of the RVFRA.

(4) Beginning on the January 1 next following the date on which there are no active Roseville firefighters who are members of the RVFRA, the RVFRA board of trustees shall consist of six retired members of the RVFRA elected from the membership of the RVFRA.

Subd. 2. **Disposition of remaining assets when obligations are paid.** Upon the death of the last benefit recipient and the last potential surviving spouse of the last benefit recipient, the remaining assets of the RVFRA or the former RVFRA cancel to the city treasury of the city of Roseville.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after the city council of Roseville and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. **CENTENNIAL VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; LINO LAKES FIREFIGHTER TRANSFERS.**

(a) Notwithstanding any provisions of Minnesota Statutes, chapters 424A and 424B, to the contrary, if between May 1, 2015, and December 31, 2017, a Centennial Fire District firefighter elects to become an emergency on-call firefighter employed by a city or nonprofit firefighting corporation adjoining or within the service area of the Centennial Fire District as it existed on March 1, 2015, the firefighter may elect to transfer past retirement coverage for prior firefighting service with the Centennial Fire District as provided in paragraph (b) and to have prospective firefighting service treated as a continuation of past firefighting service for vesting and benefit computation purposes by the volunteer firefighter relief association of the applicable city or nonprofit firefighting corporation if the bylaws of that relief association so permit or by the voluntary statewide volunteer firefighter retirement plan if that plan provides retirement coverage to the applicable fire department.

(b) If a change in fire department service described in paragraph (a) is made in a timely fashion, upon notification by the fire chief of the fire department of the municipality or nonprofit firefighting corporation described in paragraph (a) to the secretary of the applicable volunteer firefighter relief association or to the executive director of the Public Employees Retirement Association, good time service credit, accrued liability associated with the good time service credit, a proportional share of relief association assets on an institution-to-institution basis, and a proportional share of any net accounts payable or receivable must be transferred from the Centennial Volunteer Firefighters Relief Association to the applicable account in the voluntary statewide volunteer firefighter retirement plan or to the applicable volunteer firefighter relief association retirement plan. The transferring good time service credit must be the years and months of credit indicated in the firefighter's records in the Centennial Volunteer Firefighters Relief Association on the date of transfer. The transferred accrued liability must be the liability for the transferred good time service credit at the service pension level under Minnesota Statutes, section 424A.092 or 424A.093, whichever applies, or under Minnesota Statutes, section 353G.11, subdivision 1, whatever is applicable to the fire department successively employing the firefighter. The transferred assets amount must be that portion of the market value of the assets of the Centennial Volunteer Firefighters Relief Association as of the December 31 preceding the transfer date determined by expressing the total length of good time service credit multiplied by the applicable multiple of the applicable liability table factor in Minnesota Statutes, section 424A.092, subdivision 2, of all active and deferred members of the Centennial Volunteer Firefighters Relief Association, adjusted for any deferred member deferral period interest, and applying that percentage to the asset market value. If there are any accounts payable or accounts receivable as of the December 31 preceding the transfer date, the same percentage as applicable to the asset transfer must be applied to the net accounts payable/receivable amount, with the result deducted from or added to the ultimate transfer amount. Any dispute about these transfer amounts must be referred for resolution by the volunteer firefighter relief association to the Office of Administrative Hearings for resolution under Minnesota Statutes, chapter 14.

(c) The transfer dates under this section are January 1, 2016, January 1, 2017, or January 1, 2018.

(d) The asset transfer under paragraph (b) must be made in cash unless the secretary of the successor of the volunteer firefighter relief association or the executive director of the State Board of Investment, whichever applies, determines that the transfer may be made on an investment security basis, and if so determined, must be in the investment security portfolio mix specified by the secretary of the successor of the volunteer firefighter relief association or the executive director of the State Board of Investment.

(e) The transfer of good time service credit and accrued liability constitutes a forfeiture of any claim by the transferring firefighter to any service pension or ancillary benefit payment from the Centennial Volunteer Firefighters Relief Association as of the transfer date and must be so reflected in any financial reporting of the Centennial Volunteer Firefighters Relief Association as of the December 31 preceding the transfer date.

(f) With respect to any transferred firefighter under this section, the successor volunteer firefighter relief association or the account of the voluntary statewide volunteer firefighter retirement plan applicable to the successor fire department is the successor in interest to the Centennial Volunteer Firefighters Relief Association and has and may assert any applicable defense that the Centennial Volunteer Firefighters Relief Association could have asserted if the transfer did not occur unless the act or acts constituting the cause of action were not undertaken by the Centennial Volunteer Firefighters Relief Association in good faith and in compliance with applicable state law.

EFFECTIVE DATE; LOCAL APPROVAL REQUIREMENT. This section is effective the day after the latest date on which the governing bodies and the chief clerical officers of the cities of Centerville, Circle Pines, and Lino Lakes timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 11 SMALL GROUP RETIREMENT CHANGES

Section 1. Minnesota Statutes 2014, 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)~~ (6);
- (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 Commerce Fraud Bureau 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;

(19) employees of the Minnesota Sports Facilities Authority;

(20) employees of the Minnesota Association of Professional Employees;

(21) employees of the Minnesota State Retirement System;

(22) employees of the State Agricultural Society;

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

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

(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. This section is effective July 1, 2015.

Sec. 2. Minnesota Statutes 2014, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified program.

(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

- (1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;
- (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General;
- (3) an employee of the State Board of Investment;
- (4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;
- (5) a member of the legislature;
- (6) ~~a full-time~~ an unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;
- (7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;
- (8) the regional administrator, or executive director of the Metropolitan Council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair;
- (9) the commissioner, deputy commissioner, and not to exceed nine positions of the Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota State Retirement System, unless the person has elected coverage by the individual retirement account plan under chapter 354B;
- (10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota, the state court administrator and judicial district administrators;

(11) the chief executive officers of correctional facilities operated by the Department of Corrections and of hospitals and nursing homes operated by the Department of Human Services;

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

(13) an employee of the Agricultural Utilization Research Institute;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3;

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22;

(16) an employee of Enterprise Minnesota, Inc.;

(17) a person employed by the Minnesota State Colleges and Universities as faculty or in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

(18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any legislative employee who had that status as of that date.

Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose annual salary from one governmental subdivision is stipulated in advance to exceed \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year employee 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 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;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b; ~~and~~

(9) employees of the Minnesota River Area Agency on Aging who were first employed by a Regional Development Commission before January 1, 2016, and who are not excluded employees under subdivision 2b; and

~~(9)~~ (10) employees of the Public Employees Retirement Association.

(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 in any subsequent year the annual salary of an included public employee is less than the minimum salary threshold specified in this subdivision, 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.

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

Sec. 4. Minnesota Statutes 2014, 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 annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$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 judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(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, or the St. Paul Teachers Retirement Fund Association, but this exclusion 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, and 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 plan 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, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who 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 at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

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

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

(12) 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;

(13) 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;

(14) 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;

(15) 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;

(16) 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 322 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;

(17) 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;

(18) 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;

(19) employees who are hired after June 30, 2002, solely 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;

(20) 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 up to five years, 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;

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

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

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof; ~~and~~

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; and

(25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and who elected to be excluded under section 5.

(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. 5. **PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN TRADES PERSONNEL.**

An electrician or pipefitter who is employed by the Minneapolis Park and Recreation Board on the effective date of this section and who has pension coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539, may elect to be excluded from pension coverage by the Public Employees Retirement Association. The exclusion election must be made in writing on a form prescribed by the executive director of the Public Employees Retirement Association and must be filed with the executive director. The exclusion election is irrevocable. Authority to make the coverage exclusion expires on January 1, 2016.

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

Sec. 6. **MSRS-GENERAL; EXCLUDED SEASONAL REVENUE DEPARTMENT EMPLOYMENT SERVICE CREDIT PURCHASE.**

(a) An eligible person described in paragraph (b) is eligible to make a service credit purchase described in paragraph (c) for the period of service indicated in paragraph (d) if made by the expiration date specified in paragraph (e).

(b) An eligible person is a person who:

(1) was born on May 7, 1963;

(2) was a seasonal employee of the Department of Revenue in fiscal years 1988, 1989, 1990, 1991, 1992, 1993, and 1994 and was excluded from general state employees retirement plan coverage under Minnesota Statutes 1988, section 352.01, subdivision 2b, clause (20);

(3) became a full-time employee of the Department of Revenue on October 12, 1993; and

(4) was not eligible to purchase this period of service credit under Laws 1997, chapter 241, article 8, section 7.

(c) The service credit purchase must be made as provided in Minnesota Statutes, section 356.551, except that, because of delays admitted to by the Minnesota State Retirement System in providing necessary information to permit an eligible person to pursue special legislation in a timely fashion during the 2014 legislative session, the amount payable by an eligible person, if paid before August 1, 2015, is the full actuarial value amount calculated as if the payment was to be made on June 1, 2014, with the balance of the liability accruing to the general state employees retirement plan of the Minnesota State Retirement System.

(d) The period of employment available for an allowable service credit purchase under this section is the period or periods of actual seasonal employment by the Department of Revenue occurring in fiscal years 1988 to 1994 that was not already credited as allowable service by a retirement plan listed in Minnesota Statutes, section 356.30, subdivision 3.

(e) The service credit purchase must be made before July 1, 2017, or before the person's retirement date, whichever is earlier.

(f) Service credit for the seasonal Department of Revenue employment must be granted by the general state employees retirement plan upon the receipt by the executive director of the Minnesota State Retirement System of the purchase payment amount under paragraph (c).

(g) The eligible person shall provide the executive director of the Minnesota State Retirement System with any relevant information pertaining to this purchase that the director requests.

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

Sec. 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL; ST. PAUL PUBLIC SCHOOL EMPLOYEES WITH ERRONEOUSLY REPORTED EMPLOYMENT TERMINATIONS.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the general employees retirement plan of the Public Employees Retirement Association (PERA) for the period specified in paragraph (c) upon making the prior service credit purchase payment indicated in paragraph (d).

(b) An eligible person is a person who:

(1) was born on June 18, 1952;

(2) was initially employed by Independent School District No. 625, St. Paul, in 1987, in a nonteaching employment position;

(3) was initially covered by the general employees retirement plan of PERA;

(4) was erroneously reported to PERA by Independent School District No. 625, St. Paul, as having terminated employment in August 1993;

(5) did not have member contributions deducted for the general employees retirement plan of PERA for the period of August 1, 1993, through January 3, 1997; and

(6) had the error discovered in 1998 and received PERA general plan allowable service credit for the period of July 1, 1994, through January 3, 1997.

(c) The period authorized for a purchase of prior allowable service credit is August 1, 1993, through June 30, 1994.

(d) To purchase the prior allowable service credit in paragraph (c), the eligible person shall make the member contributions that would have been deducted from the person's salary if the eligible person had been included in PERA general plan retirement coverage during the period of August 1, 1993, through June 30, 1994, without compound interest because Independent School District No. 625, St. Paul, admitted to failing to timely and fully inform an eligible person in 1998 of its reporting error to PERA that caused an allowable service credit loss and agreed additionally to pay the interest charge on the equivalent member contribution amount.

(e) If an eligible person makes the payment specified under paragraph (d), Independent School District No. 625, St. Paul, shall pay the balance of the full actuarial value prior service credit payment amount provided for in Minnesota Statutes, section 356.551, within 60 days of the date on which the executive director of PERA certifies that the eligible person's payment was received by PERA. If Independent School District No. 625, St. Paul, does not make the payment required by this paragraph in a timely manner, the executive director of PERA shall certify: (1) that payment was not timely; (2) the amount of the unpaid employer obligation under this paragraph; and (3) interest at a monthly rate of 0.71 percent from the date on which the eligible person made the payment under paragraph (d) until the first day of the first month next following the certification to the commissioner of education, who shall withhold that amount from any state aid payable to Independent School District No. 625, St. Paul.

(f) Upon receipt of the payment under paragraph (d), PERA shall grant allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, to the eligible person.

(g) This section expires on December 31, 2016.

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

Sec. 8. **PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED CONTRIBUTION PERIOD; NASHVILLE TOWNSHIP EMPLOYEE.**

(a) Notwithstanding any provision 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 (PERA) allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member deductions in paragraph (c).

(b) An eligible person is a person who:

(1) was born on August 2, 1938;

(2) was first employed by Nashville Township on March 12, 1994;

(3) terminated employment on April 7, 2015;

(4) was eligible for retirement coverage by and membership in the general employees retirement plan of PERA on July 1, 1998; and

(5) had omitted deductions paid for allowable service for Nashville Township back to July 1, 2010.

(c) The period of prior service credit available for purchase is the period from July 1, 1998, to June 30, 2010, during which no member contributions for the general employees retirement plan of PERA were deducted from the eligible person's salary by Nashville Township, and which could not be corrected through the PERA omitted contribution provision due to the three-year time limit in the provision.

(d) 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 PERA. The purchase payment amount payable by Nashville Township is the balance of the full actuarial value prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551, 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 Nashville Township 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 Nashville Township 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 Nashville Township purchase payment amount is received by PERA. If Nashville Township fails to pay its portion of the purchase payment amount to PERA 90 days after the receipt of the eligible person's payment, the executive director shall collect the unpaid amount under Minnesota Statutes, section 353.28, subdivision 6, paragraph (a).

(f) The eligible person must provide the executive director of PERA 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, 2015.

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

ARTICLE 12
MSRS, PERA, AND TRA ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2014, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered correctional service" means service by a state employee in one of the employment positions with the Minnesota Specialty Health System-Cambridge specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with patients who are in the Minnesota Specialty Health System-Cambridge and if service in such a position is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;
- (6) human services support specialist;
- (7) residential program lead;
- (8) psychologist 2;

- (9) recreation program assistant;
- (10) recreation therapist senior;
- (11) registered nurse senior;
- (12) skills development specialist;
- (13) social worker senior;
- (14) social worker specialist; and
- (15) speech pathology specialist.

(c) A Department of Human Services employee who was employed at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014 conversion to the community-based homes and was in covered correctional service at the time of the transition shall continue to be covered by the correctional employees retirement plan while employed by and without a break in service with the Department of Human Services in the direct care and treatment ~~services administration of patients.~~

EFFECTIVE DATE. This section is effective retroactively from August 1, 2014.

Sec. 2. Minnesota Statutes 2014, section 352B.10, subdivision 5, is amended to read:

Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship coverage under section 352B.11, subdivision 2b, the normal disability benefit or an optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional annuity must be made in writing, on a form prescribed by the executive director, and ~~must~~ may be made before the commencement of the payment of the disability benefit, ~~or.~~ If the disabilitant did not select an optional annuity at the time of application, the disabilitant may select an optional annuity under this section within 90 days before reaching age 55 or within 90 days before reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. The optional annuity is effective on the date on which the disability benefit begins to accrue, or the month following the attainment of age 55 or following the five-year anniversary of the effective date of the disability benefit, whichever is later.

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

Sec. 3. Minnesota Statutes 2014, section 352B.105, is amended to read:

352B.105 TERMINATION OF DISABILITY BENEFITS.

Subdivision 1. Termination. Disability benefits payable under section 352B.10 must terminate on the ~~transfer~~ date; on which the disabilitant transfers status as a disabilitant to status as a retirement annuitant.

Subd. 2. Pre-July 1, 2015, disabilitants. The transfer date for a person whose disability benefits began to accrue before July 1, 2015, and who is still disabled is the end of the month in which the disabilitant becomes 65 years old or the five-year anniversary of the effective date of the disability benefit, whichever is later. If the disabilitant is still disabled on the transfer date, the disabilitant must be deemed to be a retired member and, if the disabilitant had chosen an optional annuity under section 352B.10, subdivision 5, must receive an annuity under the terms of the optional annuity previously chosen. If the disabilitant had not chosen an optional annuity under section 352B.10, subdivision 5, the disabilitant may then choose to receive either a normal retirement annuity computed under section 352B.08, subdivision 2, or an optional annuity as provided in section 352B.08, subdivision 3. An optional annuity must be chosen within 90 days of attaining the transfer date. If an optional annuity is chosen, the optional annuity accrues on the first of the month next following the transfer date.

Subd. 3. **Post-June 30, 2015, disabilitants.** The transfer date for a person whose disability benefits began to accrue after June 30, 2015, and who is still disabled is the end of the month in which the disabilitant becomes 55 years old or the five-year anniversary of the effective date of the disability benefit, whichever is later.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. Minnesota Statutes 2014, 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 wages or periodic compensation payable to a public employee by the employing governmental subdivision before:

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions 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;

(3) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(4) ~~the amount paid to for~~ a member who is absent from employment ~~by reason of personal, parental, or military due to an authorized~~ leave of absence, ~~other than an authorized medical leave of absence, the compensation paid during the leave~~ if equivalent to the hourly base salary rate in effect during the six months of allowable service, or portions thereof, prior to the leave, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the applicable leave of absence;

(5) ~~the amount paid to for~~ a member who is absent from employment by reason of an authorized medical leave of absence, ~~the compensation paid during the leave~~ if specified in advance to be at least one-half ~~of~~, but no more than equal to, the earnings the member received, on which contributions were reported and allowable service credited during the six months immediately preceding the medical leave of absence; and

(6) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

- (1) fees paid to district court reporters;
- (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or periodic payments;
- (3) for the donor, payment to another person of the value of hours donated under a benevolent vacation, personal, or sick leave donation program;
- (4) any form of severance or retirement incentive payments;
- (5) an allowance payment or per diem payments for or reimbursement of expenses;
- (6) lump-sum settlements not attached to a specific earnings period;
- (7) workers' compensation payments or disability insurance payments, including payments from employer self-insurance arrangements;
- (8) employer-paid amounts used by an employee toward the cost of insurance coverage, 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;
- (9) employer-paid fringe benefits, including, but not limited to:
 - (i) employer-paid premiums or supplemental contributions for employees for all types of insurance;
 - (ii) membership dues or fees for the use of fitness or recreational facilities;
 - (iii) incentive payments or cash awards relating to a wellness program;
 - (iv) the value of any nonmonetary benefits;
 - (v) any form of payment made in lieu of an employer-paid fringe benefit;
 - (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity program; and
 - (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not available to the employee as cash;
- (10) 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;

(11) 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;

(12) the amount of compensation that exceeds the limitation provided in section 356.611;

(13) 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; and

(14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

(c) Amounts, other than those provided under paragraph (a), clause (3), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 5. Minnesota Statutes 2014, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. **Termination of public service.** (a) "Termination of public service" occurs ~~(1)~~ when:

(1) a member resigns or is dismissed from public service by the employing governmental subdivision and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position in the same with a governmental subdivision; or

(2) when the employer-employee relationship is severed due to the expiration of a layoff under subdivision 12 or 12c.

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

(c) A termination of public service does not occur if:

(1) prior to termination of service, the member has an agreement, verbal or written, to ~~return~~ provide service to a governmental subdivision as an employee, or to the same governmental subdivision as an independent contractor, or employee of an independent contractor; or

(2) within 30 days after the date the employment relationship ended, the member provides service to the same governmental subdivision as an independent contractor or employee of an independent contractor.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 6. Minnesota Statutes 2014, 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 subdivisions 12 and 12a~~, 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~~ during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), 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 or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized~~, and for which a member obtained service credit for ~~each month in up to 12 months of the authorized~~ leave period by payment under section 353.0161 or 353.0162, 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 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 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)~~ (b) 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.

(d) MS 2002 [Expired]

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 7. Minnesota Statutes 2014, section 353.01, subdivision 28, is amended to read:

Subd. 28. **Retirement.** (a) "Retirement" means the commencement of the payment of an annuity based on a date designated by the board of trustees by the association. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a. A right to retirement requires a complete and continuous separation for 30 days from employment as a public employee and from the provision of paid services to that employer.

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

(e) (b) Notwithstanding the 30-day separation requirement under paragraph (a), a member of a defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan. A retirement annuity is also payable from a defined benefit plan under this chapter to an eligible member who terminates public service and who, within 30 days of separation, takes office as an elected official of a governmental subdivision.

~~(d)~~ (c) Elected officials included in association membership under subdivisions 2a and 2d meet the 30-day separation requirement under this section by resigning from office before filing for a subsequent term in the same office and by remaining completely and continuously separated from that office for 30 days prior to the date of the election.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 36, is amended to read:

Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is considered a "volunteer firefighter" for all service for which the person receives credit in an association or fund operating under chapter 424A or credit in the retirement plan established under chapter 353G.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 9. Minnesota Statutes 2014, section 353.0161, is amended by adding a subdivision to read:

Subd. 3. **Restriction on subsequent purchases.** To purchase salary credit or service credit for a subsequent authorized leave of absence period, the member must return to public service and render a minimum of three months of allowable service credit.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.

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

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

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

(2) on an authorized ~~medical~~ leave of absence; or

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

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

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

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

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

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

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

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable months from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized ~~medical~~ leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 ~~consecutive~~ months of authorized ~~medical~~ leave.

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

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 11. Minnesota Statutes 2014, 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) authorize procedures for use of electronic signatures as defined in section 325L.02, paragraph (h), on applications and forms required by the association;

~~(6)~~ (7) 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)~~ (8) 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;

~~(8)~~ (9) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a; and

~~(9)~~ (10) 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.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 12. Minnesota Statutes 2014, section 353.031, subdivision 5, is amended to read:

Subd. 5. **Medical adviser.** The executive director may contract with an accredited independent organization specializing in disability determinations or a licensed physician or physicians on the staff of the state commissioner of health, as designated by the commissioner, physician to be the medical adviser of the association. The medical adviser shall review all medical reports submitted to the association, including the findings of an independent medical examination requested under this section, and shall advise the executive director.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 13. Minnesota Statutes 2014, section 353.031, subdivision 10, is amended to read:

Subd. 10. **Restoring forfeited service and salary credit.** (a) To restore forfeited service and salary credit, a repayment of a refund must be made within six months after the effective date of disability benefits or within six months after the date of the filing of the disability application, whichever is later.

(b) Except for the salary credit purchase authorized under section 353.0162, paragraph (b), clause (1), no purchase of prior service or payment made in lieu of salary deductions otherwise authorized under section 353.01 or 353.0162 may be made after the occurrence of the disability for which an application is filed under this section.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 14. Minnesota Statutes 2014, section 353.27, subdivision 10, is amended to read:

Subd. 10. **Employer exclusion reports.** (a) The head of a department or a designated representative shall annually furnish the executive director with an exclusion report listing and certifying only those employees in potentially PERA general employees retirement plan-eligible positions who were not reported as members of the general employees retirement plan and who worked during the school year for school employees and calendar year for nonschool employees. ~~The department head must certify the accuracy and completeness of the exclusion report to the association.~~ The executive director shall prescribe the manner and forms, including standardized exclusion codes, to be used by a governmental subdivision in preparing and filing exclusion reports. Also, the executive director shall check the exclusion report to ascertain whether any omissions have been made ~~by a department head~~ in the reporting of new public employees for membership. The executive director may delegate an association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

(b) If an employer fails to comply with the reporting requirements under this subdivision, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 15. Minnesota Statutes 2014, section 353.29, subdivision 7, is amended to read:

Subd. 7. **Annuities; accrual.** (a) Except as to elected public officials, a retirement annuity granted under this chapter begins with the first day of the first calendar month after the date of termination of public service. The annuity must be paid in equal monthly installments and does not accrue beyond the end of the month in which entitlement to the annuity has terminated. ~~If the annuitant dies prior to negotiating the check for the month in which death occurs, payment must be made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate.~~

(b) An annuity granted to an elective public official accrues on the day following expiration of public office or expiration of the right to hold that office. The annuity for the month during which the expiration occurred is prorated accordingly.

(c) An annuity, once granted, must not be increased, decreased, or revoked except under this chapter.

(d) An annuity payment may be made retroactive for up to one year prior to that month in which a complete application is received by the executive director under subdivision 4.

(e) If an annuitant dies before negotiating the check for the month in which death occurs, payment must first be made to the surviving spouse, or if none, then to the designated beneficiary, or if none, lastly to the estate.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 16. Minnesota Statutes 2014, section 353.33, subdivision 6, is amended to read:

Subd. 6. **Continuing eligibility for benefits.** Disability benefits are contingent upon a disabled person's participation in a vocational ~~rehabilitation-evaluation~~ assessment if the executive director determines that the disabled person may be able to return to a gainful occupation. If, after a review by the executive director under section 353.031, subdivision 8, a member is found to be no longer totally and permanently disabled, payments must cease the first of the month following the expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 17. Minnesota Statutes 2014, section 353.33, subdivision 13, is amended to read:

Subd. 13. **Postretirement adjustment eligibility.** (a) A disability benefit under this section is eligible for postretirement adjustments under section 356.415.

(b) When a disability benefit terminates under subdivision 11, the retirement annuity elected by the individual must include all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 18. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for an annuity from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a governmental subdivision ~~in a position covered by this chapter~~ or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the MERF division.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 19. Minnesota Statutes 2014, 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 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, and may upon application, elect an optional annuity under subdivision 1b.

(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.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 20. Minnesota Statutes 2014, section 353.656, subdivision 1b, is amended to read:

Subd. 1b. **Optional annuity election.** (a) A disabled member of the police and fire fund may elect to receive the normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is made before the commencement of payment of the disability benefit, the optional annuity must begin to accrue on the same date as the disability benefit covering only the ~~disability~~ disability benefit recipient would have accrued.

(b) If an election of an optional annuity is not made before the commencement of the disability benefit, the ~~disability~~ disability benefit recipient may elect an optional annuity:

(1) within 90 days before normal retirement age;

(2) upon the filing of an application to convert to an early retirement annuity, if electing to convert to an early retirement annuity before the normal retirement age; ~~or~~

(3) within 90 days before the expiration of the 60-month period for which a disability benefit is paid, if the disability benefit is payable because the disabled member did not have at least 20 years of allowable service at normal retirement age; or

(4) upon being determined that the disability benefit recipient continues to be disabled under subdivision 1, but is no longer totally and permanently disabled under subdivision 1a.

(c) If a disabled member who has named a joint and survivor optional annuity beneficiary dies before the disability benefit ceases and is recalculated under subdivision 5a, the beneficiary eligible to receive the joint and survivor annuity may elect to have the annuity converted at the times designated in paragraph (b), clause (1), (2), or (3), whichever allows for the earliest payment of a higher joint and survivor annuity option resulting from recalculation under subdivision 5a, paragraph (e).

(d) A disabled member may name a person other than the spouse as beneficiary of a joint and survivor annuity only if the spouse of the disabled member permanently waives surviving spouse coverage on the disability application form prescribed by the executive director.

(e) If the spouse of the member permanently waives survivor coverage, the dependent child or children, if any, continue to be eligible for dependent child benefits under section 353.657, subdivision 3, and the designated optional annuity beneficiary may draw the monthly benefit.

(f) Any optional annuity under this subdivision, plus dependent child benefits, if applicable, are subject to the maximum and minimum family benefit amounts specified in section 353.657, subdivision 3a.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 21. Minnesota Statutes 2014, section 353.656, subdivision 2, is amended to read:

Subd. 2. **Benefits paid under workers' compensation law.** (a) ~~If~~ When the amount determined under paragraph (b) exceeds the equivalent salary determined under paragraph (c), the disability benefit amount must be reduced to that amount which, when added to the workers' compensation benefits, equals the equivalent salary.

(b) When a member becomes disabled and receives receiving a disability benefit as specified in this section and is also entitled to receive lump sum or periodic benefits under workers' compensation laws, the single life annuity actuarial equivalent disability benefit amount and the workers' compensation amount must be added. The computation must exclude any attorney fees paid by the ~~disability~~ disability benefit recipient as authorized under applicable workers' compensation laws. The computation must also exclude permanent partial disability payments provided under section 176.101, subdivision 2a, and retraining payments under section 176.102, subdivision 11, if the permanent partial disability or retraining payments are reported to the executive director in a manner specified by the executive director.

~~(b)~~ (c) The equivalent salary is the amount determined under clause (1) or (2), whichever is greater:

(1) the salary the disabled member received as of the date of the disability; or

(2) the salary currently payable for the same employment position or substantially similar positions in the applicable government subdivision.

~~(c) If the amount determined under paragraph (a) exceeds the equivalent salary determined under paragraph (b), the disability benefit amount must be reduced to that amount which, when added to the workers' compensation benefits, equals the equivalent salary.~~

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 22. Minnesota Statutes 2014, section 353.656, subdivision 4, is amended to read:

Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to receive a disability benefit payment when there remains to the member's credit unused annual leave, sick leave, or any other employer-provided salary continuation plan, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined in section 353.64, subdivision 10, whichever applies.

(b) If a disabled member resumes a gainful occupation with earnings that, when added to the ~~normal single life~~ disability benefit, and workers' compensation benefit if applicable, exceed the ~~disability~~ disability benefit recipient's reemployment earnings limit, the amount of the disability benefit must be reduced during the months of employment and receipt of workers' compensation benefits, if applicable, as provided in this paragraph. The ~~disability~~ disability benefit recipient's reemployment earnings limit is the greater of:

(1) the monthly salary earned at the date of disability; or

(2) 125 percent of the base monthly salary currently paid by the employing governmental subdivision for similar positions.

(c) The disability benefit must be reduced by one dollar for each three dollars by which the total amount of the current monthly disability benefit, any monthly workers' compensation benefits if applicable, and actual monthly earnings exceed the greater ~~disability~~ disability benefit recipient's reemployment earnings limit. In no event may the monthly disability benefit as adjusted under this subdivision exceed the disability benefit originally allowed.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 23. Minnesota Statutes 2014, section 353.656, subdivision 5a, is amended to read:

Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the payment of any disability benefit the first of the month following the reinstatement of a member to full time or less than full-time service in a position covered by the police and fire fund.

(b) A disability benefit paid to a disabled member of the police and fire plan, that was granted under laws in effect after June 30, 2007, terminates at the end of the month in which the member:

(1) reaches normal retirement age;

(2) if the disability benefit is payable for a 60-month period as determined under subdivisions 1 and 3, as applicable, the first of the month following the expiration of the 60-month period; or

(3) if the disabled member so chooses, the end of the month in which the member has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

(c) If the police and fire plan member continues to be disabled when the disability benefit terminates under this subdivision, the member is deemed to be retired. The individual is entitled to receive a normal retirement annuity or an early retirement annuity under section 353.651, whichever is applicable, as further specified in paragraph (d) or (e). If the individual did not previously elect an optional annuity under subdivision ~~4a~~ 1b, paragraph (a), the individual may elect an optional annuity under subdivision ~~4a~~ 1b, paragraph (b).

(d) A member of the police and fire plan who is receiving a disability benefit under this section may, upon application, elect to receive an early retirement annuity under section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a retirement annuity no later than the end of the month in which the disabled member attains normal retirement age. An early retirement annuity elected under this subdivision must be calculated on the disabled member's accrued years of service and average salary as defined in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

(e) When an individual's disability benefit terminates under paragraph (b), clause (1) or (2), and is recalculated as a retirement annuity ~~under this section~~, the annuity must be based on clause (1) or ~~clause~~ (2), whichever provides the greater amount:

(1) the benefit amount at the time of reclassification, including all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415; or

(2) a benefit amount computed on the member's actual years of accrued allowable service credit and the law in effect at the time the disability benefit first accrued, plus any increases that would have applied since that date under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 24. Minnesota Statutes 2014, section 353D.03, subdivision 3, is amended to read:

Subd. 3. **Ambulance service, rescue squad personnel contribution.** (a) A public ambulance service ~~or privately operated ambulance service that receives an operating subsidy from a governmental entity~~ that elects to participate in the plan shall fund benefits for its qualified personnel who individually elect to participate.

(b) Personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf.

(c) Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary.

(d) An ambulance service making contributions for volunteer or largely uncompensated personnel, or a municipality or county making contributions on behalf of rescue squad members who are volunteers or largely uncompensated personnel, may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service or rescue squad service contributions, as applicable.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 25. Minnesota Statutes 2014, section 353E.06, subdivision 5, is amended to read:

Subd. 5. **Disability benefit termination.** (a) The disability benefit paid to a disabled local government correctional employee terminates at the end of the month in which the employee reaches age ~~65~~ 55, or the first of the month after the expiration of the 60-month period from the effective date of the disability benefit, whichever is later.

(b) If the disabled local government correctional employee is still disabled when the employee ~~reaches~~ has been collecting the disability benefit for 60 months or has reached age ~~65~~ 55, whichever is later, the employee is deemed to be a retired employee and, if the employee had elected an optional annuity under subdivision 3, must receive an annuity in accordance with the terms of the optional annuity previously elected.

(c) If the employee had not elected an optional annuity under subdivision 3, the employee may elect either to receive a ~~normal~~ single life retirement annuity computed in the manner provided in section 353E.04, subdivision 3, or to receive an optional annuity as provided in section 353.30, subdivision 3, based on the same length of service as

used in the calculation of the disability benefit. Election of an optional annuity must be made within 90 days before ~~attaining the age of 65 years, or reaching the five year anniversary of the effective date of the disability benefit, whichever is later~~ termination of the disability benefit under paragraph (a).

(d) When an individual's disability benefit terminates under this subdivision and is recalculated as a retirement annuity, the annuity must include all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

EFFECTIVE DATE. Paragraphs (a) to (c) are effective for disability benefits that accrue after June 30, 2015. Paragraph (d) is effective July 1, 2015.

Sec. 26. Minnesota Statutes 2014, section 353E.06, subdivision 6, is amended to read:

Subd. 6. **Resumption of employment.** If a disabled employee resumes a gainful occupation from which earnings are less than the monthly salary received at the date of disability or the monthly salary currently paid for similar positions, or should the employee be entitled to receive workers' compensation benefits, the disability benefit must be continued in an amount that, when added to such earnings during the months of employment, and workers' compensation benefits, if applicable, does not exceed the monthly salary received at the date of disability or the monthly salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 27. Minnesota Statutes 2014, section 353F.01, is amended to read:

353F.01 PURPOSE AND INTENT.

The purpose of this chapter is to ensure, to the extent possible, that persons employed at public medical facilities ~~and other public employing units~~ who are privatized and consequently are excluded from retirement coverage by the Public Employees Retirement Association will be entitled to receive future retirement benefits under the general employees retirement plan of the Public Employees Retirement Association commensurate with the prior contributions made by them or made on their behalf upon the privatization of the medical facility ~~or other public employing unit~~.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 28. Minnesota Statutes 2014, 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 a medical facility ~~or other public employing unit~~ is assumed by another employer or the date that 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 July 1, 2015.

Sec. 29. Minnesota Statutes 2014, section 353F.02, subdivision 5a, is amended to read:

Subd. 5a. **Privatized former public employer.** "Privatized former public employer" means a medical facility ~~or other employing unit~~ that was 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 July 1, 2015.

Sec. 30. Minnesota Statutes 2014, section 353F.04, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do not apply to a privatized former public 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 in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

(2) beginning the first of the month in which the privatized former public employee becomes covered again by the general employees retirement plan of the Public Employees Retirement Association;

~~(2)~~ (3) beginning the first of the month after a privatized former public employee terminates service with the successor entity; or

~~(3)~~ (4) if the person begins receipt of a retirement annuity while employed by the employer which assumed operations of or purchased the privatized former public employer.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 31. Minnesota Statutes 2014, section 353F.051, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** A privatized former public 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 July 1, 2015.

Sec. 32. Minnesota Statutes 2014, section 353F.051, subdivision 2, is amended to read:

Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is entitled to receive a disability benefit calculated under ~~Minnesota Statutes 1998~~, section 353.33, subdivision 3. The disability benefit must be augmented under ~~Minnesota Statutes 1998~~, section 353.71, subdivision 2, from the date of termination to the date the disability benefit begins to accrue.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 33. Minnesota Statutes 2014, section 353F.051, subdivision 3, is amended to read:

Subd. 3. **Applicability of general law.** Except as otherwise provided, ~~Minnesota Statutes 1998~~, section 353.33, applies to a person who qualifies for disability under subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 34. Minnesota Statutes 2014, section 353G.08, subdivision 1, is amended to read:

Subdivision 1. **Annual funding requirements.** (a) Annually, the executive director shall determine the funding requirements of each account in the voluntary statewide lump-sum volunteer firefighter retirement plan on or before August 1. The funding requirements as directed under this section, must be determined using a mathematical procedure developed and certified as accurate by an approved actuary retained by the Public Employees Retirement Association and based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

(3) The amount of the total present assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of each account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of ~~anticipated future~~ administrative expenses of the account must be calculated by multiplying the per person dollar amount of the administrative expenses for the most recent prior calendar year by the ~~factor of 1.035~~ number of active and deferred firefighters reported to PERA on the most recent good time service credit certification form for each account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan is the annual financial requirements of the account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 or supplemental state aid payable under section 423A.022 reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 35. Minnesota Statutes 2014, section 354.445, is amended to read:

354.445 NO ANNUITY REDUCTION.

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

(1) retires from the Minnesota State Colleges and Universities system with at least ten years of combined service credit in a system under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities;

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

(3) was not a recipient of an early retirement incentive under section 136F.481;

(4) begins drawing an annuity from the Teachers Retirement Association; and

(5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$62,000 in a ~~calendar~~ fiscal year through employment after retirement in the system from which the person retired.

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

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

(d) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000 in a ~~calendar~~ fiscal year through employment after retirement due to employment by the Minnesota State Colleges and Universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over \$62,000.

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

EFFECTIVE DATE. (a) This section is effective retroactively from January 1, 2015.

(b) For purposes of the January 1, 2015, to June 30, 2015, period, the \$62,000 exempt income limit must be prorated.

Sec. 36. Minnesota Statutes 2014, section 354.72, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and formula service in the plan for a period specified in subdivision 1 if the teacher makes a payment as specified in paragraph (b), (c), or (d), whichever applies. The employing unit, at its option, may pay the employer portion of the amount on behalf of its employees.

(b) If payment is received by the executive director by June 30 of the fiscal year of the strike period or by December 31 of the fiscal year following an authorized leave included under section 354.093, 354.095, or 354.096, payment must equal the total employee and employer contribution rates, including amortization contribution rates if applicable, multiplied by the member's average monthly salary rate on the date the leave or strike period commenced, or for an extended leave under section 354.094, on the salary received during the year immediately preceding the initial year of the leave, multiplied by the months and portions of a month of the leave or strike period for which the teacher seeks allowable service credit. This paragraph also applies to an extended leave under section 354.094, except that payment must be received by June 30 of the year of the leave, and the salary used in the computation is the salary received during the year immediately preceding the initial year of the leave.

(c) If payment is made after June 30 and before the following June 30 for a strike period, or for leaves after December 31 of the fiscal year following a leave of absence under section 354.093, 354.095, or 354.096, or for an extended leave of absence under section 354.094, and before July 1, the payment must include the amount determined in paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 for a strike period, or from December 31 for a leave under section 354.093, 354.095, or 354.096, until the last day of the month in which payment is received. If payment is made on or after July 1 and before the following July 1 for an extended leave of absence under section 354.094, the payment must include the amount determined in paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 until the last day of the month in which payment is received.

(d) If payment is received by the executive director after the applicable last permitted date under paragraph (c), the payment amount is the amount determined under section 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under this section may be made anytime before the effective date of retirement.

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

Sec. 37. Minnesota Statutes 2014, section 355.07, is amended to read:

355.07 DECLARATION OF POLICY.

(a) In order to extend to employees of the state, its political subdivisions, and its other governmental employers, and to the dependents and survivors of the employees of those employing units, the basic protection accorded to others by the old age, survivors, and disability insurance system embodied in the Social Security Act, it is hereby declared to be the policy of the legislature, subject to the limitations of this chapter, that these steps are taken to provide protection to employees of the state and its political subdivisions on as broad a basis as may be authorized by the legislature and is permitted under the Social Security Act.

(b) It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this chapter is made applicable to service performed in those positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof when combined with the benefits accorded the employee by the Social Security Act.

(c) To this end, the agreement referred to in section 355.02 must not be made applicable to any service performed in any position covered by a retirement system unless a referendum is first held by secret ballot in which a majority of "eligible employees," as defined in section 218(d)(3) of the Social Security Act, vote in favor thereof, or unless a retirement system is divided in two divisions or parts, one of which is composed of positions of members of the system who desire coverage and one of which is composed of positions of members of the system who do not desire coverage under section 218(d)(3) of the Social Security Act, in accordance with subsections (6) and (7) thereof. The cost of the referendum must be borne by the affected governmental subdivision or subdivisions, which are required to elect a voting method.

(d) If a retirement system is divided as described in paragraph (c), any member of the division of members that did not desire coverage may be transferred to the division of members who did desire coverage as provided in section 218(d)(6)(f) of the Social Security Act so long as the individual files a written request for such a transfer with the director.

~~(d)~~ (e) Nothing in any provision of this chapter authorizes the extension of the insurance system established by this chapter, to service in any police officer's or firefighter's position ~~or in any position covered by a retirement system applicable exclusively to positions in one or more law enforcement or firefighting units, agencies or departments as covered by a retirement system in section 356.30, subdivision 3, clauses (4) and (7).~~

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 38. Minnesota Statutes 2014, section 356.32, subdivision 1, is amended to read:

Subdivision 1. **Proportionate retirement annuity.** (a) Notwithstanding any provision to the contrary of the laws governing any of the retirement funds enumerated in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year ~~but less than ten years~~ of allowable service in one or more of the covered plans, and who terminates active service under a mandatory retirement law or policy or at ~~age 65 or older, or at the normal retirement age if this age is~~ but not less than age 65, ~~for any reason~~ is entitled upon making written application on the form prescribed by the chief administrative officer of the plan to a proportionate retirement annuity from each covered plan in which the person has at least six months of allowable service credit.

(b) The proportionate annuity must be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years.

(c) Nothing in this section prevents the imposition of the appropriate early retirement reduction of an annuity which commences before the normal retirement age.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 39. Minnesota Statutes 2014, 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 ~~plans plan~~, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, and 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 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 two prior consecutive actuarial valuations 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~~ indicate 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 retirement plan specified in that chapter~~ established under chapter 3A, including constitutional officers retirement plan terminate on December 31 of the calendar year in which ~~the two prior consecutive~~ valuation ~~valuations~~ 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~~ indicate 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 retroactively from July 1, 2014.

Sec. 40. Minnesota Statutes 2014, section 356.635, subdivision 9, is amended to read:

Subd. 9. **Military service.** Contributions, benefits, including death and disability benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit with respect to qualified military service must be provided according to section 414(u) of the federal Internal Revenue Code. For deaths occurring on or after January 1, 2007, while a member is performing qualified military service as defined in United States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal Revenue Code, survivors of a member in the system are entitled to any additional benefits that the system would have provided if the member had resumed employment and then died, including but not limited to accelerated vesting or survivor benefits that are contingent on the member's death while employed. In any event, a deceased member's period of qualified military service must be counted for vesting purposes.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2007.

Sec. 41. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision to read:

Subd. 10. **Benefit limitations.** For purposes of applying the limits of section 415(b) of the Internal Revenue Code, a retirement benefit that is payable in any form other than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue Code must be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2005.

Sec. 42. **REPEALER.**

Minnesota Statutes 2014, sections 353.025; 353.83; 353.84; 353.85; and 353D.03, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 13 OBSOLETE DATE REVISIONS AND VARIOUS CLARIFICATIONS

Section 1. Minnesota Statutes 2014, section 352.01, subdivision 11, is amended to read:

Subd. 11. **Allowable service.** (a) "Allowable service" means:

~~(1) service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24;~~

~~(2) (1) service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041;~~

~~(3) (2) service by an employee for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27;~~

~~(4) (3) the period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund;~~

~~(5) (4) service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system;~~

~~(6) (5) service rendered before July 1, 1978, by an employee of the Transit Operating Division of the Metropolitan Transit Commission or by an employee on an authorized leave of absence from the Transit Operating Division of the Metropolitan Transit Commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division, which was credited by the Metropolitan Transit Commission-Transit Operating Division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977;~~

~~(7)~~ (6) service rendered after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 ~~shall~~ must be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern; and

~~(8)~~ (7) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund under section 352.017.

~~(9) [Renumbered clause (8)]~~

~~(10) MS 2002 [Expired]~~

~~(11) [Expired, 2002 c 392 art 2 s 4]~~

(b) For purposes of paragraph (a), clauses ~~(2)~~ (1) and ~~(3)~~ (2), any salary that is paid for a fractional part of any calendar month, including the month of separation from state service, is deemed to be the compensation for the entire calendar month.

(c) Allowable service determined and credited on a fractional basis must be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 15, is amended to read:

Subd. 15. **Approved actuary.** "Approved actuary" means ~~any an~~ an actuary who is ~~either a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds, or any firm retaining an approved actuary on its staff~~ meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 3. Minnesota Statutes 2014, section 352.021, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) There is established the general state employees retirement plan of the Minnesota State Retirement System for state employees.

(b) The general state employees retirement plan is a continuation of the State Employees Retirement Association.

~~(c) Any person who was a member of the State Employees Retirement Association on June 30, 1967, is covered by the general state employees retirement plan and is entitled to all benefits provided by the plan upon fulfilling the age, service, contribution, and other requirements of this chapter.~~

Sec. 4. Minnesota Statutes 2014, section 352.021, subdivision 3, is amended to read:

Subd. 3. **Optional exemptions.** ~~(a)~~ (a) Any person who is appointed by the governor or lieutenant governor ~~may request exemption from coverage by~~ who is not already covered by the general state employees retirement plan under this chapter ~~if the appointee is not covered by the plan on the date of appointment and who is not an employee listed in section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption from coverage by the plan.~~

(b) To qualify for this exemption, ~~a written~~ the request must be made within 90 days from the date of entering upon the duties of the position to which the person is appointed.

(c) After making the request, a person requesting the exemption is not entitled to coverage by the general state employees retirement plan while employed in the position that entitled that person to an exemption from coverage.

Sec. 5. Minnesota Statutes 2014, section 352.021, subdivision 4, is amended to read:

Subd. 4. **Reentering service after refund.** When a former employee who has withdrawn accumulated contributions reenters employment in a position entitled to coverage under the general state employees retirement plan, the employee must be covered by the plan on the same basis as a new employee and is not entitled to allowable service credit for any former service. The annuity rights forfeited when taking a refund can only be restored as provided in ~~this chapter~~ section 352.23.

Sec. 6. Minnesota Statutes 2014, section 352.029, subdivision 2, is amended to read:

Subd. 2. **Election.** A person described in subdivision 1 ~~shall be~~ is covered by the system if written election to be covered is delivered to the executive director ~~before December 31, 1992,~~ within 90 days of being employed by the labor organization, or within 90 days of starting the first leave of absence with an exclusive bargaining agent, whichever is later.

Sec. 7. Minnesota Statutes 2014, section 352.22, subdivision 8, is amended to read:

Subd. 8. **Refund specifically limited.** (a) If a former employee covered by the system does not apply for refund within five years after the last deduction was taken from salary for the retirement fund, and does not have enough service to qualify for a deferred annuity, accumulated member and employer contributions must be credited to and become a part of the retirement fund.

(b) If the former employee returns to state service and becomes a state employee covered by the system, the amount credited to the retirement fund, if more than \$25, must be restored to the individual account. If the amount credited to the fund is over \$25 and the former employee applies for refund or an annuity under section 352.72 or 356.30, the amount must be restored to the former employee's individual account and a refund made or an annuity paid, whichever applies.

Sec. 8. Minnesota Statutes 2014, section 352.22, subdivision 10, is amended to read:

Subd. 10. **Other refunds.** Former employees covered by the system are entitled to apply for refunds if they are or become members of the State Patrol retirement fund, the state Teachers Retirement Association, or employees of the University of Minnesota excluded from coverage under the system by action of the Board of Regents; or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2b, clause ~~(7)~~ (6). The refunds must include accumulated contributions plus interest as provided in subdivision 2.

Sec. 9. Minnesota Statutes 2014, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

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

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

(c) Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments previously made in lieu of salary deductions as permitted under law in effect when the payment in lieu of deductions was made; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service ~~one~~ previously credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, clause ~~(5)~~ (4).

(d) Payments under this section for repayment of refunds are to be paid with interest at an annual rate of 8.5 percent compounded annually from the date the refund was taken until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in a lump sum up to six months after termination from service.

Sec. 10. Minnesota Statutes 2014, section 352.75, subdivision 2, is amended to read:

Subd. 2. **New employees.** All persons ~~first~~ employed by the ~~former Metropolitan Transit Commission~~ Council as employees of the Transit Operating Division ~~on or after July 1, 1978~~, are members of the general state employees retirement plan of the Minnesota State Retirement System and are ~~considered~~ state employees for purposes of this chapter unless specifically excluded under section 352.01, subdivision 2b.

Sec. 11. Minnesota Statutes 2014, section 352.87, subdivision 8, is amended to read:

Subd. 8. **Election of coverage.** To be covered by this section, an employee of the Department of Public Safety described in subdivision 1 who is employed in a position described in that subdivision ~~on or after July 1, 1999~~, must file a notice with the executive director of the Minnesota State Retirement System on a form prescribed by the executive director stating whether or not the employee elects to be covered by this section. Notice must be filed ~~by September 1, 1999, or~~ within 90 days of employment, ~~whichever is later~~. Elections are irrevocable during any period of covered employment. A failure to file a timely notice ~~shall be~~ is deemed a waiver of coverage by this section.

Sec. 12. Minnesota Statutes 2014, section 352B.011, subdivision 3, is amended to read:

Subd. 3. **Allowable service.** (a) "Allowable service" means:

(1) service in a month during which a member is paid a salary from which a member contribution is deducted, deposited, and credited in the State Patrol retirement fund;

~~(2) for members defined in subdivision 10, clause (1), service in any month for which payments have been made to the State Patrol retirement fund under law;~~

~~(3) for members defined in subdivision 10, clauses (2) and (3), service for which payments have been made to the State Patrol retirement fund under law, service for which payments were made to the State Police officers retirement fund under law after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961;~~

~~(4)~~ (2) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtains credit by payment to the fund under section 352B.013; and

~~(5)~~ (3) eligible periods of uniformed service for which the member obtained service credit by making the payment required under section 352B.086 to the fund.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or until the date of a return to employment if in conformity with section 352B.085.

Sec. 13. Minnesota Statutes 2014, section 352B.07, is amended to read:

352B.07 ACTIONS BY OR AGAINST THE GOVERNING BOARD OF THE RETIREMENT PLAN.

With respect to the State Patrol retirement plan, the board of the Minnesota State Retirement System may sue or be sued in the name of the board of directors of the state retirement system. In all actions brought by or against it, the board shall be represented by the attorney general. The attorney general shall also be the legal adviser for the board. Venue of all actions is in the Ramsey County District Court.

Sec. 14. Minnesota Statutes 2014, section 352B.25, is amended to read:

352B.25 CONTINUING APPROPRIATION; PAYMENT OF PENSION FUNDS BY INDIVIDUALS.

The State Patrol retirement fund ~~and the participation in the Minnesota postretirement investment fund~~ must be disbursed only for the purposes provided in this chapter. The expenses of the system and any benefits or annuities provided in this chapter, ~~other than benefits payable from the Minnesota postretirement investment fund,~~ must be paid from the State Patrol retirement fund. The amounts necessary to make the payments from the State Patrol retirement fund ~~and the participation in the Minnesota postretirement investment fund~~ are annually appropriated from those funds for those purposes.

Sec. 15. Minnesota Statutes 2014, 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 annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$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 judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(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, or the St. Paul Teachers Retirement Fund Association, but this exclusion 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, and 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 plan 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, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who 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 at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

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

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

(12) 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;

(13) 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;

(14) 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;

(15) 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;

(16) 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 322 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;

(17) 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;

(18) 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;

(19) employees who are hired after June 30, 2002, solely 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;

(20) 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 up to five years, 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;

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

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

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof; and

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan.

(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. 16. Minnesota Statutes 2014, 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.

(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~~ before 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. 17. Minnesota Statutes 2014, 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 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 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.~~

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

~~(c) 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.~~

~~(d) MS 2002 [Expired]~~

Sec. 18. Minnesota Statutes 2014, section 353.01, subdivision 17, is amended to read:

Subd. 17. **Approved actuary.** "Approved actuary" means ~~any an~~ an actuary who ~~is a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds or any firm retaining such an actuary on its staff~~ meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 19. Minnesota Statutes 2014, section 353.017, subdivision 2, is amended to read:

Subd. 2. **Election.** A person described in subdivision 1 is covered by the association if written election to be covered is delivered to the association within six months of employment by the labor organization ~~or within six months after July 1, 1993, whichever is applicable.~~

Sec. 20. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** The entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, the Minneapolis Employees Retirement Fund division, the public employees police and fire retirement plan, or the local government correctional employees retirement plan to receive an annuity under the law in effect at the time the person terminated public service is ~~herein~~ preserved. ~~The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.~~

Sec. 21. Minnesota Statutes 2014, section 353.64, subdivision 7a, is amended to read:

Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A person who is employed as a police officer ~~on or after the first day of the first payroll period after July 1, 1993,~~ by the Metropolitan Council and who is not eligible for coverage under the agreement with the Secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act because the person's position is excluded from application under United States Code, sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the public employees police and fire fund and is considered to be a police officer within the meaning of this section. The Metropolitan Council shall deduct the employee contribution from the salary of each police officer as required by section 353.65, subdivision 2, shall make the employer contribution for each police officer as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 22. Minnesota Statutes 2014, section 353.64, subdivision 8, is amended to read:

Subd. 8. **Pension coverage for certain state military affairs department firefighters.** A person who is employed as a full-time firefighter ~~on or after the first day of the first payroll period after June 10, 1987,~~ by the Department of Military Affairs of the state of Minnesota and who is not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to state employees because the person's position is excluded from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and section 355.07, is a member of the public employees police and fire fund and is considered to be a firefighter within the meaning of this section. The state Department of Military Affairs shall make the employee contribution deduction from the salary of each full-time Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall make the employer contribution with respect to each firefighter as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 23. Minnesota Statutes 2014, section 353.64, subdivision 9, is amended to read:

Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a) A former member of the association who is an employee of the Minnesota Sheriffs' Association may elect to be a police and fire fund member with respect to service with the sheriffs' association, if written election to be covered is delivered to the board within 60 days after ~~July 1, 1989, or within 60 days after~~ the commencement of employment, whichever is later.

(b) Employee and employer contributions for past service are the obligation of the employee, except that the Minnesota sheriffs' association may pay the employer contributions. The employer shall, in any event, deduct necessary future contributions from the employee's salary and remit all contributions to the association as required by this chapter.

(c) Persons who become association members under this section ~~shall~~ are not be eligible for election to the board of trustees.

Sec. 24. Minnesota Statutes 2014, section 353.64, subdivision 10, is amended to read:

Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. ~~who~~ is a member of the public employees police and fire retirement plan under sections 353.63 to 353.68 if the person is:

(1) certified as a paramedic or emergency medical technician by the state under section 144E.28, subdivision 4;

(2) employed full time as a paramedic or emergency medical technician by Hennepin County ~~on or after the effective date specified in Laws 1994, chapter 499, section 2;~~ and

(3) not eligible ~~after the effective date under Laws 1994, chapter 499, section 2,~~ for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics and emergency medical technicians because the person's position is excluded after that date from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07;

~~is a member of the public employees police and fire fund under sections 353.63 to 353.68.~~

Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary of each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 2, shall make the employer contribution for each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 25. Minnesota Statutes 2014, section 353D.071, subdivision 2, is amended to read:

Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision ~~shall~~ apply for purposes of determining required minimum distributions for calendar years ~~beginning with the 2003 calendar year and will~~ must take precedence over any inconsistent provisions of the plan. All distributions required under this section ~~will~~ must be determined and made in accordance with the treasury regulations under section 401(a)(9) of the Internal Revenue Code, including regulations providing special rules for governmental plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a reasonable good faith interpretation of the minimum distribution requirements.

(b) The member's entire interest ~~will~~ must be distributed to the member in a lump sum no later than the member's required beginning date.

(c) If the member dies before the required minimum distribution is made, the member's entire interest ~~will~~ must be distributed in a lump sum no later than as follows:

(1) if the member's surviving spouse is the member's sole designated beneficiary, the distribution must be made by December 31 of the calendar year immediately following the calendar year in which the member died, or by December 31 of the calendar year in which the member would have attained age 70 years, six months, whichever is later;

(2) if the member's surviving spouse is not the member's sole beneficiary, or if there is no designated beneficiary as of September 30 of the year following the year of the member's death, the member's entire interest ~~shall~~ must be distributed by December 31 of the calendar year containing the fifth anniversary of the member's death as directed under section 353D.07, subdivision 5; or

(3) if the member's surviving spouse is the member's sole designated beneficiary and the surviving spouse dies after the member, but before the account balance is distributed to the surviving spouse, paragraph (c), clause (2), ~~shall~~ must apply as if the surviving spouse were the member.

(d) For purposes of paragraph (c), unless clause (3) applies, distributions are considered to be made on the member's required beginning date. If paragraph (c), clause (3), applies, distributions are considered to begin on the date distributions ~~are required to~~ must be made to the surviving spouse under paragraph (c), clause (1).

Sec. 26. Minnesota Statutes 2014, section 354.05, subdivision 10, is amended to read:

Subd. 10. **Approved actuary.** "Approved actuary" means ~~any an actuary who is either a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds or any firm retaining such an actuary on its staff~~ meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 27. Minnesota Statutes 2014, section 354.05, subdivision 13, is amended to read:

Subd. 13. **Allowable service.** "Allowable service" means:

~~(1) any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, and 611;~~

~~(2) any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund under Minnesota Statutes 1980, section 354.09 and section 354.51;~~

~~(3)~~ (1) any service rendered by a teacher ~~after July 1, 1957~~, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund;

(4) (2) any service rendered by a person ~~after July 1, 1957~~, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;

~~(5)~~ (3) any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund under Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;

~~(6)~~ (4) both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect;

~~(7)~~ (5) any service rendered where contributions were made and no credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year;

~~(8)~~ MS 2002 [Expired]

~~(9)~~ (6) a period of time during which a teacher was on strike without pay, not to exceed a period of one year, if payment in lieu of salary deductions is made under section 354.72;

~~(10)~~ (7) a period of service before July 1, 2006, that was properly credited as allowable service by the Minneapolis Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Special School District No. 1, Minneapolis, or by an employee of the Minneapolis Teachers Retirement Fund Association who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2006, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on or after July 1, 2006, is "allowable service" only as provided by this chapter; or

~~(11)~~ (8) a period of service before July 1, 2015, that was properly credited as allowable service by the Duluth Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Independent School District No. 709, Duluth, or by an employee of the Duluth Teachers Retirement Fund Association who was a member of the Duluth Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Duluth Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2015, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable service" only as provided by this chapter.

Sec. 28. Minnesota Statutes 2014, section 354.05, subdivision 25, is amended to read:

Subd. 25. **Formula service credit.** "Formula service credit" means any allowable service credit as defined in subdivision 13 except:

~~(1) Any service rendered prior to July 1, 1951, for which payments were made pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the Teachers Retirement Association as of July 1, 1961 by the ratio obtained between the total amount paid and the maximum amount payable for those years;~~

~~(2) Any service rendered prior to July 1, 1957 for which payments were made pursuant to section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement association by the ratio obtained between the total amount paid and the maximum amount payable for those years; or~~

~~(3) (1) any service rendered for which contributions were not made in full as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the retirement contribution payable for the fiscal year pursuant to under sections 354.092, 354.42, and 354.51; and~~

~~(4) (2) no period of service shall may be counted more than once for purposes of this subdivision.~~

Sec. 29. Minnesota Statutes 2014, section 354.07, subdivision 5, is amended to read:

Subd. 5. **Records; accounts; interest.** (a) The board shall keep a record of the receipts and disbursements of the fund and a separate account ~~with for~~ each member of the association. The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves.

(b) It shall determine annually the annual interest earnings of the fund which shall include realized capital gains and losses. ~~Any amount in the capital reserve account on July 1, 1973, shall be transferred to the employer contribution's account.~~

(c) The annual interest earnings ~~shall must~~ be apportioned and credited to the separate members' accounts except those covered under the provisions of section 354.44, subdivision 6. The rate to be used in this distribution, computed to the last full quarter percent ~~shall, must~~ be determined by dividing the interest earnings by the total invested assets of the fund. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts ~~shall must~~ be credited to the gross interest earnings for the next succeeding year.

Sec. 30. Minnesota Statutes 2014, section 354.092, subdivision 4, is amended to read:

Subd. 4. **Service credit.** A member may not receive more than three years of allowable service credit in any ten consecutive years under this section ~~unless the allowable service credit was paid for by the member before July 1, 1962.~~ Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the sabbatical leave.

Sec. 31. Minnesota Statutes 2014, section 354.42, subdivision 1a, is amended to read:

Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement Association and the state treasury is created a special retirement fund, which must include all the assets of the Teachers Retirement Association and all revenue of the association. ~~The fund is the continuation of the fund established under Laws 1931, chapter 406, section 2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1, by Laws 1974, chapter 289, section 59.~~

(b) The teachers retirement fund must be credited with all employee and employer contributions, all investment revenue and gains, and all other income authorized by law.

(c) From the teachers retirement fund is appropriated the payments of annuities and benefits authorized by this chapter and the reasonable and necessary expenses of administering the fund and the association.

Sec. 32. Minnesota Statutes 2014, section 354.44, subdivision 8, is amended to read:

Subd. 8. **Annuity payment; provision of evidence of receipt.** (a) An annuity or benefit for a given month must be paid during the first week of that month.

(b) Evidence of receipt of the check issued or acknowledgment of the amount electronically transferred in payment of an annuity or benefit may be required from the payee on a form prescribed by the executive director. The evidence of receipt form may be required periodically at times specified by the board. ~~In the event~~ If the filing of an evidence of receipt form is required and the form is not filed, future annuities or benefits must be withheld until the form is submitted.

Sec. 33. Minnesota Statutes 2014, section 354.44, subdivision 9, is amended to read:

Subd. 9. **Determining applicable law.** ~~An employee~~ A former teacher who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least 85 days of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

Sec. 34. Minnesota Statutes 2014, section 354.45, subdivision 1a, is amended to read:

Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 1, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) The restoration of the normal single life annuity under this subdivision will take effect on ~~July 1, 1989, or~~ the first of the month following the date of death of the designated optional annuity beneficiary, or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the Teachers Retirement Association, whichever date is later.

(c) Except as stated in paragraph (b), this subdivision may not be interpreted as authorizing retroactive benefit payments.

Sec. 35. Minnesota Statutes 2014, section 354.48, subdivision 3, is amended to read:

Subd. 3. **Computation of benefits.** ~~(a) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, paragraphs (b) and (c), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher were at normal retirement age at the time the benefit begins to accrue and in accordance with the law in effect on the last day for which salary is received. Any member who applies for a disability benefit after June 30, 1974, and who failed to make an election under Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this paragraph, as further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger.~~

~~(b) The benefit granted shall be determined by the following:~~

~~(1) the amount of the accumulated deductions;~~

~~(2) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;~~

~~(3) interest for the years from the date the benefit begins to accrue to the date the member attains normal retirement age at the rate of three percent;~~

~~(4) annuity purchase rates based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.~~

~~(e) In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later, must be paid to basic members.~~

~~(d) (a)~~ The disability benefit granted to members covered under section 354.44, subdivision 6, ~~shall~~ must be computed in the same manner as the annuity provided in section 354.44, subdivision 6. The disability benefit ~~shall~~ be ~~is~~ the formula annuity without the reduction for each month the member is under normal retirement age when the benefit begins to accrue as defined by the law in effect on the last day for which salary is paid.

~~(e) (b)~~ For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits ~~shall~~ must not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits ~~shall~~ must be reduced to an amount equal to the disabled member's average salary.

Sec. 36. Minnesota Statutes 2014, section 354.51, subdivision 1, is amended to read:

Subdivision 1. **Eligibility to make payments.** No member ~~shall be~~ is entitled to make payments in lieu of salary deductions to the retirement board to receive allowable service credit for any period of service ~~prior to rendered before~~ that date for which employee contributions were not deducted from the member's salary, except as provided in subdivision ~~4~~ 5, or section 354.50 or 354.53.

Sec. 37. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event that full required member contributions are not deducted from the salary of a teacher, payment ~~must be made as follows:~~

~~(1) Payment of shortages in member deductions on salary earned after June 30, 1957, and before July 1, 1981, may be made any time before retirement. Payment must include interest at an annual rate of 8.5 percent compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. If payment of a shortage in deductions is not made, the formula service credit of the member must be prorated under section 354.05, subdivision 25, clause (3).~~

~~(2) Payment~~ of shortages in member deductions on salary earned ~~after June 30, 1981,~~ are the sole obligation of the employing unit and are payable by the employing unit upon notification by the executive director of the shortage with interest at an annual rate of 8.5 percent compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. ~~Effective July 1, 1986,~~ The employing unit shall also pay the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, and if the executive director does not use the recovery procedure in section 354.512, the executive director shall certify the amount of the shortage to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes.

(3) Payment may not be made ~~for shortages in member deductions on salary earned before July 1, 1957,~~ for shortages in member deductions on salary paid or payable under paragraph (b); or for shortages in member deductions for persons employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution that exceeds the most recent 36 months.

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

Sec. 38. Minnesota Statutes 2014, section 354.52, subdivision 4c, is amended to read:

Subd. 4c. **MnSCU service credit reporting.** For all part-time service rendered ~~on or after July 1, 2004,~~ the service credit reporting requirement in subdivision 4b for all part-time employees of the Minnesota State Colleges and Universities system must be met by the Minnesota State Colleges and Universities system reporting to the association on or before July 31 of each year the final calculation of each part-time member's service credit for the immediately preceding fiscal year based on the employee's assignments for the fiscal year.

Sec. 39. Minnesota Statutes 2014, section 354.55, subdivision 10, is amended to read:

Subd. 10. **Reduced benefits.** Any benefit to which any person may be entitled under this chapter may be reduced in amount upon application of the person entitled thereto to the ~~board of trustees, provided that such executive director if the person shall first relinquish~~ relinquishes in writing all claim to that part of the full benefit which is the difference between the benefit which the person would be otherwise entitled to receive and the benefit which the person will receive after the benefit reduction. The reduced benefit ~~shall be~~ is payment in full of all amounts due under this chapter for the month for which the payment is made and acceptance of the reduced benefit releases the retirement association from all obligation to pay to ~~such the~~ the person the difference between the amount of the reduced benefit and the full amount of the benefit which ~~such the~~ the person would otherwise have received. ~~After July 1, 1971,~~ Any benefit reduced under the provisions of this subdivision may not again be restored.

Sec. 40. Minnesota Statutes 2014, section 354A.011, subdivision 6, is amended to read:

Subd. 6. **Approved actuary.** "Approved actuary" means ~~any an~~ an actuary who ~~is either a fellow of the society of actuaries or who has at least 15 years of service to major public employee retirement funds or any firm which retains such an actuary on its staff~~ meets the definition in section 356.215, subdivision 1, paragraph (c).

Sec. 41. Minnesota Statutes 2014, section 354A.092, is amended to read:

354A.092 SABBATICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is granted a sabbatical leave is entitled to receive allowable service credit in the association for periods of sabbatical leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee contribution to the association. No teacher is entitled to receive more than three years of allowable service credit under this section for a period or periods of sabbatical leave during any ten consecutive years. If the teacher granted a sabbatical leave makes the employee contribution for a period of sabbatical leave under this section, the employing unit shall make an employer contribution on behalf of the teacher to the association for that period of sabbatical leave in the manner described in section 354A.12, subdivision 2a. The employee and employer contributions must be in an amount equal to the employee and employer contribution rates in effect for other active members of the association covered by the same program applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period. Payment of the employee contribution authorized under this section must be made by the teacher on or before June 30 of the year next following the year in which the sabbatical leave terminated and must be made without interest. ~~For sabbatical leaves taken after June 30, 1986,~~ The required employer contributions must be paid by the employing unit within 30 days after notification by the association of the amount due. If the employee contributions for the sabbatical leave period are less than an amount equal to the applicable contribution rate applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period, service credit must be prorated. The prorated service credit must be determined by the ratio between the amount of the actual payment which was made and the full contribution amount payable under this section.

Sec. 42. Minnesota Statutes 2014, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the ~~current~~ actuarial value of assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

Sec. 43. Minnesota Statutes 2014, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable, in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

(b) A coordinated member who retires before the normal retirement age ~~shall be paid the~~ is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), whichever ~~is applicable~~ applies, multiplied by the applicable early retirement factor specified below:

Normal retirement age:	Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
	65	66	65	66
Age at retirement				
55	0.5376	0.4592		
56	0.5745	0.4992		
57	0.6092	0.5370		
58	0.6419	0.5726		
59	0.6726	0.6062		
60	0.7354	0.6726		
61	0.7947	0.7354		
62	0.8507	0.7947	0.8831	0.8389
63	0.9035	0.8507	0.9246	0.8831
64	0.9533	0.9035	0.9635	0.9246
65	1.0000	0.9533	1.0000	0.9635
66		1.0000		1.0000

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

Sec. 44. Minnesota Statutes 2014, 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:

(1) a person who is regularly engaged in the business of providing actuarial services and who is a fellow in the Society of Actuaries; or

(2) a firm that retains a person described in clause (1) on its staff.

(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 424A.093, 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 the market value of all assets as of the preceding June 30, reduced by:

(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;

(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;

(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

(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.

Sec. 45. Minnesota Statutes 2014, 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, (a)~~ The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than ~~postretirement interest and preretirement~~ the interest rate 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.

~~(e) (b)~~ A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by ~~the an~~ an 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 424A.091 to 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

Sec. 46. Minnesota Statutes 2014, section 356.245, is amended to read:

356.245 LOCAL ELECTED OFFICIALS.

An elected official who is covered by section 353.01, subdivision 2a, or 353D.01, subdivision 2, whichever applies, is eligible to participate in ~~the state of Minnesota a~~ a deferred compensation plan under section 356.24. The applicable local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 47. Minnesota Statutes 2014, section 356.40, is amended to read:

356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.

(a) Notwithstanding any law to the contrary, all annuities and benefits payable ~~on and after December 1, 1977~~ by a covered retirement fund, as defined in section 356.30, subdivision 3, must be paid in advance for each month during the first week of that month. ~~The bylaws of local retirement funds must be amended accordingly.~~

(b) In no event, however, may this section authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.

Sec. 48. Minnesota Statutes 2014, section 356.407, subdivision 1, is amended to read:

Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any provision to the contrary of the laws governing any of the retirement plans enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of those plans and whose benefit terminated solely because of remarriage is, if the remarriage terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit; provided, however, that the person is not entitled to retroactive payments for the period of remarriage. The benefit resumes at the level which the person would have been receiving if there had been no remarriage. ~~This section applies prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and also applies retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no person is entitled to retroactive payments for any period of time before May 18, 1975.~~

Sec. 49. Minnesota Statutes 2014, 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, 1e, or 1f, 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.~~

~~(b)~~ (b) 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.

Sec. 50. Minnesota Statutes 2014, 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 plans, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees 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 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 two prior consecutive actuarial valuations 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.

Sec. 51. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~

~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two 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 a benefit for at least 18 full months prior to the January 1 increase;~~

~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months;~~

~~(4) (3) for each January 1 following the restoration of funding stability, 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 a benefit for at least 18 full months prior to the January 1 increase; and~~

~~(5) (4) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, 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, effective January 1, for which the person has been retired for at least six months but less than 18 months.~~

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

(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 Teachers Retirement Association 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 354.35 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, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

Sec. 52. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of one 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 one 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 commence on January 1, 2014.~~ Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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 85 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (c) recommence after that date.

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

(1) a postretirement increase of 1.5 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 1.5 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.

(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted 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.

(e) 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.

Sec. 53. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.** (a) The increases provided under this subdivision ~~begin on January 1, 2014, and~~ are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.75 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 1.75 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.

(c) Increases under this subdivision terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations 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 judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin on the January 1 next following that date.

(d) 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.

Sec. 54. Minnesota Statutes 2014, section 356.431, is amended to read:

356.431 CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.

Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid ~~after December 31, 2001,~~ to eligible persons under Minnesota Statutes 2014, section 356.42, the amount of the most recent lump-sum benefit payable to an eligible recipient under Minnesota Statutes 2014, section 356.42 must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases postretirement adjustments.

Sec. 55. Minnesota Statutes 2014, section 356.62, is amended to read:

356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.

(a) For purposes of any public pension plan, as defined in section 356.63, paragraph (b), each employer shall pick up the employee contributions required ~~pursuant to~~ under law or under the pension plan document for all ~~salary payable after December 31, 1982~~ salaries. If the United States Treasury Department rules that under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that These picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions must be treated as employer contributions in determining tax treatment under the Internal Revenue Code of 1986, ~~as amended through December 31, 1992,~~ and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up must be treated for all purposes of the public pension plan in the same manner and to the same extent as employee contributions that were made ~~prior to~~ before the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up must be included in the salary upon which retirement coverage is credited and upon which retirement and survivor's benefits are determined. For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.

(c) ~~For any calendar year in which withholding has been reduced under this section,~~ The employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 must apply to the extent not inconsistent with the provisions of this section.

Sec. 56. Minnesota Statutes 2014, section 356B.10, subdivision 2, is amended to read:

Subd. 2. **Building; related facilities.** ~~(a)~~ The commissioner of administration ~~may~~ shall provide a building and related facilities to be jointly occupied by the board of directors of the Minnesota State Retirement System, the board of trustees of the Public Employees Retirement Association, and the board of trustees of the Teachers Retirement Association for the administration of their public pension systems.

~~(b) Design of the facilities is not subject to section 16B.33. The competitive acquisition process set forth in chapter 16C does not apply if the process set forth in subdivision 3 is followed.~~

~~(c) The boards and the commissioner must submit the plans for a public pension facility under this section to the chair of the house of representatives Ways and Means Committee and to the chair of the senate State Government Finance Committee for their approval before the plans are implemented.~~

Sec. 57. Minnesota Statutes 2014, section 356B.10, subdivision 3, is amended to read:

Subd. 3. **Contracting procedures.** ~~(a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).~~

~~(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:~~

~~(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;~~

~~(2) design criteria for the exterior and site area;~~

~~(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;~~

~~(4) conceptual floor plans for systems space;~~

~~(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;~~

~~(6) mechanical and electrical requirements;~~

~~(7) special interior features required; and~~

~~(8) a completion schedule.~~

~~(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member,~~

~~coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.~~

~~(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.~~

~~(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.~~

~~(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.~~

~~(g)~~ (a) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

~~(h)~~ (b) The commissioner may lease to another governmental subdivision; or to a private company under contract with the State Board of Investment; or with the Board of Directors of the Minnesota State Retirement System, whichever applies, to provide deferred compensation services under section 352.965, any portion of the funds' building and lands that is not required for ~~their~~ the direct use of the retirement systems upon terms and conditions that they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward as a reserve for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices ~~should if~~ the retirement plan boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the retirement plan boards.

~~(i)~~ (c) The boards shall formulate ~~and~~, adopt, and periodically revise a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the Department of Administration where the boards determine that it is economically feasible to do so. If the boards cannot agree or cannot resolve a dispute about the operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Sec. 58. Minnesota Statutes 2014, section 356B.10, subdivision 4, is amended to read:

Subd. 4. **Revenue bonds.** (a) The commissioner of management and budget, ~~on request of the governor, may sell and issue revenue bonds in an aggregate principal amount up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the amount needed to pay issuance costs and interest costs and to establish necessary~~

~~reserves to secure the bonds. The commissioner of management and budget~~ may issue bonds for the purpose of refunding bonds issued under ~~this subdivision~~ Minnesota Statutes 2001, section 356.89, subdivision 4. The bonds may be sold and issued on terms and in a manner the commissioner of management and budget determines to be in the best interests of the state.

(b) The proceeds of the bonds must be credited to a bond proceeds account in the pension building fund which the commissioner of management and budget must create in the state treasury.

Sec. 59. Minnesota Statutes 2014, section 356B.10, subdivision 5, is amended to read:

Subd. 5. **Security.** (a) The boards may pledge any or all assets of the retirement fund or funds administered by the boards as security for the bonds.

(b) The bonds and the interest on them must be paid solely from and secured by ~~all the~~ the assets of the boards pledged and appropriated for these purposes to the debt service fund created in subdivision 6 and any investment income on the fund and any reserve established for this purpose.

(c) The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest on them must not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Sec. 60. Minnesota Statutes 2014, section 356B.10, subdivision 6, is amended to read:

Subd. 6. **Debt service fund.** There is established in the state treasury a separate and special pension building debt service fund. Money in the funds managed by the boards is appropriated to the boards for transfer to the pension building debt service fund. Money appropriated and transferred to the fund and investment income on it on hand or required to be transferred to the fund must be used and is irrevocably appropriated to pay when due the principal of and interest on the bonds ~~authorized~~ referenced in subdivision 4.

Sec. 61. Minnesota Statutes 2014, section 356B.10, subdivision 7, is amended to read:

Subd. 7. **Covenants; agreements.** ~~The commissioner of management and budget may, for and on behalf of the state, enter into~~ covenants and agreements entered into by the commissioner of management and budget for the construction of the pension building that were not inconsistent with Minnesota Statutes 2001, section 356.89, subdivisions 1 to 6, and determined by the commissioner as ~~may be~~ necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax exemption, and disclosure of information required by federal and state securities laws. ~~The covenants and agreements of the commissioner of management and budget,~~ constitute an enforceable contract of the state and by that contract the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of management and budget to fulfill the terms of the covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. ~~The commissioner of management and budget may include this pledge and agreement of the state in any covenant or agreement with the holders of the bonds.~~ Sections 16A.672 and 16A.675 apply to the bonds.

Sec. 62. Minnesota Statutes 2014, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** (a) ~~Beginning October 1, 2013, and Annually thereafter,~~ the commissioner shall allocate the additional amortization state aid, if any, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 47.1 percent to the city of Minneapolis to 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

(5) 1.3 percent to the city of Virginia to defray the employer contribution under section 353.665, subdivision 8, paragraph (d).

If there is no 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, the commissioner shall allocate that 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 under section 69.021, subdivision 7, paragraph (d). If there is no employer contribution by the city of Virginia 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 under section 69.021, subdivision 7, paragraph (d).

(b) The allocation must be made by the commissioner of revenue on October 1 annually.

(c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the 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 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 (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

Sec. 63. Minnesota Statutes 2014, section 424A.001, subdivision 10, is amended to read:

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

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

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

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

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

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

Sec. 64. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make any technical cross-reference changes resulting from amendments in this act, including any grammatical changes necessary to preserve sentence structure.

Sec. 65. **REPEALER.**

Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, and 6; 352.76; 352.91, subdivisions 3a and 3b; 352B.29; 353.83; 353.84; 353.85; 354.146, subdivisions 1 and 3; 354.33, subdivisions 5 and 6; 354.39; 354.55, subdivisions 13, 16, and 19; 354.58; 354A.35, subdivision 2a; 356.405; 356.49, subdivision 2; and 424A.03, subdivision 3, are repealed.

Sec. 66. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective July 1, 2015.

ARTICLE 14
PERA-MERF MERGER PROVISIONS

Section 1. Minnesota Statutes 2014, section 256D.21, is amended to read:

256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS EMPLOYEES.

Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis who ~~is~~ was transferred to and employed by the county under the provisions of section 256D.20 and who ~~is~~ was a contributing member of a retirement system organized under the provisions of Minnesota Statutes 2008, chapter 422A, is a member of the ~~MERF division of the~~ Public Employees Retirement Association and is entitled to all of the applicable benefits conferred by and is subject to all the restrictions of section 353.50.

Subd. 2. **City obligation.** The cost to the public of that portion of the retirement allowances or other benefits accrued while any such employee was in the service of the city of Minneapolis must remain an obligation of the city and a tax must be levied and collected by it to discharge its obligation as provided in section ~~353.50~~ 353.27, subdivision ~~7~~ 3c.

Subd. 3. **County obligation.** The cost to the public of the retirement allowances or other benefits accruing to employees so transferred to and employed by the county is the obligation of and paid by the county in section ~~353.50~~ 353.27, subdivision ~~7~~ 3c. The county shall pay to the general employees retirement fund of the Public

Employees Retirement Association those amounts. The cost to the public of the retirement coverage under this section must be paid from the county revenue fund by the county auditor, and the county board is authorized to levy and collect such taxes as may be necessary to pay such costs.

Sec. 2. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose annual salary from one governmental subdivision is stipulated in advance to exceed \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year employee 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 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;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b; and

(9) employees of the Public Employees Retirement Association.

(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 in any subsequent year the annual salary of an included public employee is less than the minimum salary threshold specified in this subdivision, 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. 3. Minnesota Statutes 2014, 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.

(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. 4. Minnesota Statutes 2014, section 353.01, subdivision 48, is amended to read:

Subd. 48. **MERF division.** "MERF ~~division~~" means the ~~separate retirement plan within~~ former Minneapolis Employees Retirement Fund of which the actuarial liabilities and assets are merged with the general employees retirement plan of the Public Employees Retirement Association ~~containing, and the benefits of which are governed by~~ the applicable provisions of Minnesota Statutes 2008, chapter 422A.

Sec. 5. Minnesota Statutes 2014, section 353.05, is amended to read:

353.05 CUSTODIAN OF FUNDS.

The commissioner of management and budget shall be ex officio treasurer of the retirement funds of the association, ~~including the MERF division~~, and the general bond of the commissioner of management and budget to the state must be so conditioned as to cover all liability for acts as treasurer of these funds. All money of the association received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund or account. The commissioner of management and budget shall transmit monthly to the executive director a detailed statement of all amounts so received and credited to the funds, ~~including the MERF division~~. Payments out of the funds, ~~including the MERF division~~, may only be made on warrants issued by the commissioner of management and budget, upon abstracts signed by the executive director; provided that abstracts for investment may be signed by the executive director of the State Board of Investment.

Sec. 6. Minnesota Statutes 2014, section 353.06, is amended to read:

353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.

The executive director shall from time to time certify to the State Board of Investment for investment such portions of the funds of the association, ~~including the MERF division~~, as in the director's judgment may not be required for immediate use. The State Board of Investment shall thereupon invest and reinvest the sum so certified, or transferred, in such securities as are duly authorized as legal investments under section 11A.24 and has authority to sell, convey, and exchange such securities and invest and reinvest the securities when it deems it desirable to do so and shall sell securities upon request of the executive director when such funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities under chapter 11A must apply to the accounting, purchase and sale of securities for the funds of the Public Employees Retirement Association, ~~including the MERF division~~.

Sec. 7. Minnesota Statutes 2014, section 353.27, subdivision 1, is amended to read:

Subdivision 1. **Income; disbursements.** There is a special fund known as the "general employees retirement fund," the "retirement fund," or the "fund," which must include all the assets of the general employees retirement plan of the association. This fund must be credited with all contributions, all interest and all other income of the general employees retirement plan of the Public Employees Retirement Association that are authorized by law. From this fund there is appropriated the payments authorized by sections 353.01 to 353.46 and by Minnesota Statutes 2008, chapter 422A, in the amounts and at such time provided herein, including the expenses of administering the general employees retirement plan and fund.

Sec. 8. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 must be adjusted:

(1) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) 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 general employees retirement plan of the Public Employees Retirement Association 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 coordinated program employee and employer contribution rates must be increased as determined under paragraph (d) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) If the actuarially required contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching 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 subdivision has been fully implemented.

(d) If the actuarially required contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the employee and matching 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 for the general employees retirement plan employee and matching 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 for the employee and matching employer contribution rates; or

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

(e) The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made ~~without the inclusion of~~ including the contributions ~~to, the funded condition of, or the actuarial funding requirements of the MERF division~~ credited under section 353.27, subdivision 3c, and state aid under section 353.505.

(f) 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 the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' recommendation to adjust the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be 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.

(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an 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.

Sec. 9. Minnesota Statutes 2014, section 353.27, is amended by adding a subdivision to read:

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

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

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

(d) For the period July 1, 2015, through December 31, 2031, the employer supplemental contribution is the employing unit's share of \$31,000,000.

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

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with compound interest at the rate of 0.71 percent per month for each month or portion of a month that has elapsed after the due date.

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

Sec. 10. Minnesota Statutes 2014, 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. 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~~ except members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2b, paragraph (d), 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.

(d) Refunds payable to members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2a, paragraph (d), are governed by Minnesota Statutes 2008, chapter 422A.

Sec. 11. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for an annuity from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a governmental subdivision in a position covered by this chapter or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the general employees plan of the Public Employees Retirement Association who were former members of MERF division.

Sec. 12. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, ~~the Minneapolis Employees Retirement Fund division,~~ the public employees police and fire retirement plan, or the local government correctional employees retirement plan to receive an annuity under the law in effect at the time the person terminated public service is herein preserved. The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.

(b) The entitlement of a deferred annuitant or former member of the Minneapolis Employees Retirement Fund, upon merger with the general employees retirement plan of the Public Employees Retirement Association, continues under the provisions of Minnesota Statutes 2008, section 422A.16.

Sec. 13. Minnesota Statutes 2014, section 353.46, subdivision 6, is amended to read:

Subd. 6. **Computation of benefits for certain coordinated members.** Any coordinated member of the general employees retirement plan of the Public Employees Retirement Association who, before July 1, 1979, was a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and who, before July 1, 1978, was a member of the basic program of the Minneapolis Municipal Employees Retirement Fund is entitled to receive a retirement annuity when otherwise qualified, the calculation of which must utilize the formula accrual rates specified in Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited service which was rendered before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision 3, for the remainder of credited service, both applied to the average salary as specified in section 353.01, subdivision 17a. The formula accrual rates to be used in calculating the retirement annuity must recognize the service after July 1, 1978, as a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and after July 1, 1979, as a member of the general employees retirement plan of the Public Employees Retirement Association as a continuation of service rendered before July 1, 1978. The annuity amount attributable to service as a member of the basic program of the former Minneapolis Municipal Employees Retirement Fund ~~is payable from the MERF division~~ and the annuity amount attributable to all other service is payable from the general employees retirement fund of the Public Employees Retirement Association.

Sec. 14. Minnesota Statutes 2014, section 353.50, subdivision 6, is amended to read:

Subd. 6. **Benefits for former MERF division members.** (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~~ of the former MERF division, 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 and are payable from the general employees retirement plan.

(b) **Benefits; benefit eligibility for ~~June 30, 2010,~~ active members.** Persons who were active members ~~of~~ covered by the former ~~Minneapolis Employees Retirement Fund~~ MERF division on ~~June 30, 2010~~ December 31, 2014, 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 the normal 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.

(c) **Postretirement adjustments.** After December 31, ~~2010~~ 2014, annuities and benefits ~~from~~ for former members of the former MERF division are eligible for annual automatic postretirement adjustments solely under the applicable portions of section 356.415.

Sec. 15. Minnesota Statutes 2014, section 353.505, is amended to read:

353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.

~~(a) Subject to the limitation in paragraph (c), The state shall pay to the MERF division account of the Public Employees Retirement Association with respect to the former Minneapolis Employees Retirement Fund annually an amount equal to the amount calculated under paragraph (b).~~

~~(b) The payment amount is an amount equal to the financial requirements of the MERF division of the Public Employees Retirement Association reported in the actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association prepared by the actuary retained under section 356.214 consistent with section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, 2031, less the amount of employee contributions required under section 353.50, subdivision 7, paragraph (b), and the amount of employer contributions required under section 353.50, subdivision 7, paragraphs (c) and (d). Payments must be made September 15 annually.~~

~~(c) The annual state contribution under this subdivision may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section 356.43, plus \$13,750,000 on September 15, 2011, \$13,750,000 on September 15, 2012, and \$15,000,000 on September 15, 2013, and annually thereafter.~~

~~(d) Annually and after June 30, 2012, if the amount determined under paragraph (b) exceeds the applicable maximum amount specified in paragraph (c), the excess must be allocated to and paid to the fund by the employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions 1a, 2, and 2a. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained under section 356.214 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, other than units of metropolitan government. Payments must be made as set forth in paragraph (b).~~

(a) Annually and after June 30, 2015, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$6,000,000. Payments must be made September 15 annually.

~~(e) (b) State contributions under this section end on September 15, 2031, or on September 1 following the first date on which the current assets of the MERF division of the Public Employees Retirement Association equal or exceed the actuarial accrued liability of the MERF division of the Public Employees Retirement Association, whichever occurs earlier.~~

Sec. 16. Minnesota Statutes 2014, section 355.01, subdivision 3j, is amended to read:

Subd. 3j. **Public employee.** "Public employee" means an officer or an employee of a local governmental subdivision of the state who performs services in a position covered by the Public Employees Retirement Association established under chapter 353. The term does not include any person who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, while the person is employed in a position that was transferred to the Public Employees Retirement Association.

Sec. 17. Minnesota Statutes 2014, 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 St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;
- (9) the legislators retirement plan, Minnesota State Retirement System; and
- (10) 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) 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) 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) 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), or (10), in the manner provided for in the standards for actuarial work adopted by the commission.

Sec. 18. Minnesota Statutes 2014, section 356.215, subdivision 11, is amended to read:

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

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

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

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

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

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

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

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

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

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

~~(d) For the MERF division of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.~~

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

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

~~(g) (f)~~ For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

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

~~(i) (h)~~ For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

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

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

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

Sec. 19. Minnesota Statutes 2014, 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 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) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

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

(9) the Teachers Retirement Association, established under chapter 354;

(10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A; and

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

Sec. 20. Minnesota Statutes 2014, section 356.302, subdivision 7, is amended to read:

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

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

(2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;

(3) 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;~~

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

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

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

(7) the State Patrol retirement plan, established by chapter 352B;

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

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

(10) the judges retirement plan, established by chapter 490.

Sec. 21. Minnesota Statutes 2014, section 356.303, subdivision 4, is amended to read:

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(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) the unclassified state employees retirement program, established by chapter 352D;

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

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

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

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

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

Sec. 22. Minnesota Statutes 2014, section 356.32, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply 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 general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, ~~including the MERF division of the Public Employees Retirement Association;~~

(5) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;

(6) the Teachers Retirement Association, established under chapter 354; and

(7) the St. Paul Teachers Retirement Fund Association, established under chapter 354A.

Sec. 23. Minnesota Statutes 2014, 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 unclassified state employees retirement program, established by chapter 352D;

(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;~~

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

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

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

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

- (11) the Teachers Retirement Association, established by chapter 354;
- (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- (13) the individual retirement account plan, established by chapter 354B;
- (14) the higher education supplemental retirement plan, established by chapter 354C; and
- (15) the judges retirement fund, established by chapter 490.

Sec. 24. Minnesota Statutes 2014, section 356.407, subdivision 2, is amended to read:

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

- (1) 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;~~
- (2) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;
- (3) the State Patrol retirement plan established under chapter 352B;
- (4) the legislators retirement plan established under chapter 3A;
- (5) the elective state officers retirement plan established under chapter 352C; and
- (6) the Teachers Retirement Association established under chapter 354.

Sec. 25. Minnesota Statutes 2014, 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 general employees retirement plan of the Public Employees Retirement Association established under chapter 353, ~~including the MERF division of the Public Employees Retirement Association;~~
- (6) the public employees police and fire retirement plan of the Public Employees Retirement Association 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 plan established under chapter 354; and

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

Sec. 26. Minnesota Statutes 2014, section 356.461, subdivision 2, is amended to read:

Subd. 2. **Covered plans.** This section applies 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 unclassified state employees retirement program of the Minnesota State Retirement System, established under chapter 352D;

(6) the judges retirement plan, established under chapter 490;

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

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

(10) the Teachers Retirement Association, established under chapter 354.

Sec. 27. Minnesota Statutes 2014, section 356.465, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply 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 legislators retirement plan established under chapter 3A;

(5) the judges retirement plan established under chapter 490;

(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;~~

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

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

(9) the St. Paul Teachers Retirement Fund Association established under chapter 354A; and

(10) the local government correctional service retirement plan of the Public Employees Retirement Association established under chapter 353E.

Sec. 28. Minnesota Statutes 2014, section 480.181, subdivision 2, is amended to read:

Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a person is transferred to state employment under this section, the person may elect to do either or both of the following:

(1) keep life insurance; hospital, medical, and dental insurance; and vacation and sick leave benefits and accumulated time provided by the county instead of receiving benefits from the state under the judicial branch personnel rules; or

(2) remain a member of the general employees retirement plan of the Public Employees Retirement Association ~~or the MERF division of the Public Employees Retirement Association~~ instead of joining the Minnesota State Retirement System.

Employees who make an election under clause (1) remain on the county payroll, but the state shall reimburse the county on a quarterly basis for the salary and cost of the benefits provided by the county. The state shall make the employer contribution on behalf of employees who make an election under clause (2) to the general employees retirement plan of the Public Employees Retirement Association or the employer contribution under section ~~353.50~~ 353.27, subdivision ~~7~~ 3c, paragraphs (c) and (d), to the ~~MERF division~~ general employees retirement fund of the Public Employees Retirement Association ~~on behalf of employees who make an election under clause (2) for any employees who were members of the former Minneapolis Employees Retirement Fund on June 24, 2010.~~

(b) An employee who makes an election under paragraph (a), clause (1), may revoke the election, once, at any time, but if the employee revokes the election, the employee cannot make another election. An employee who makes an election under paragraph (a), clause (2), may revoke the election at any time within six months after the person becomes a state employee. Once an employee revokes this election, the employee cannot make another election.

(c) The Supreme Court, after consultation with the Judicial Council, the commissioner of management and budget, and the executive directors of the Public Employees Retirement Association and the Minnesota State Retirement Association shall adopt procedures for making elections under this section.

(d) The Supreme Court shall notify all affected employees of the options available under this section. The executive directors of the Public Employees Retirement Association and the Minnesota State Retirement System shall provide counseling to affected employees on the effect of making an election to remain a member of the Public Employees Retirement Association.

Sec. 29. **MERF DIVISION MERGER INTO PERA-GENERAL.**

The MERF division and division account are merged into the general employees retirement plan and fund of the Public Employees Retirement Association as provided under Minnesota Statutes 2014, section 353.50, subdivision 9, and no longer exist as a component part of the association or of the general employees retirement plan. The general employees retirement plan of the Public Employees Retirement Association is the successor in interest of the former Minneapolis Employees Retirement Fund under Minnesota Statutes 2014, section 353.50, subdivision 5. The beneficial title for the assets of the former MERF division account is combined with the beneficial title for the assets of the general employees retirement plan and is vested undivided in the benefit recipients of the general employees retirement plan. The liabilities of the general employees retirement fund include the liabilities under Minnesota Statutes 2014, section 353.50, subdivision 6.

Sec. 30. **REPEALER.**

Minnesota Statutes 2014, sections 353.01, subdivision 49; 353.27, subdivision 1a; 353.50, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; and 354.71, are repealed.

Sec. 31. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; modifying actuarial assumptions; modifying postretirement adjustment triggers; modifying contribution stabilizers; amending police and firefighter retirement state supplemental aid; creating a monthly benefit division of the statewide volunteer firefighter retirement plan; adopting recommendations of the volunteer firefighter relief association working group; modifying local firefighter relief associations; making small group retirement changes; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, and Public Employees Retirement Association; making technical and conforming changes; merging the Minneapolis Employees Retirement Fund Division into PERA-General; requiring a state financial contribution to fund the merger; permanently extending supplemental fire state aid to volunteer firefighter relief associations; amending Minnesota Statutes 2014, sections 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision 1a; 69.80; 256D.21; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision 2; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions 8, 9; 352.045; 352.22, subdivisions 8, 10; 352.23; 352.27; 352.75, subdivision 2; 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3; 352B.011, subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085; 352B.086; 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25; 352D.02, subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01, subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36, 48; 353.0161, subdivision 2, by adding a subdivision; 353.0162; 353.017, subdivision 2; 353.03, subdivision 3; 353.031, subdivisions 5, 10; 353.05; 353.06; 353.27, subdivisions 1, 3b, 7a, 10, 12, 12a, by adding a subdivision; 353.28, subdivision 5; 353.29, subdivision 7; 353.33, subdivisions 6, 13; 353.34, subdivision 1; 353.35, subdivision 1; 353.37, subdivision 1; 353.46, subdivisions 2, 6; 353.50, subdivision 6; 353.505; 353.64, subdivisions 7a, 8, 9, 10; 353.656, subdivisions 1a, 1b, 2, 4, 5a; 353D.03, subdivision 3; 353D.071, subdivision 2; 353E.06, subdivisions 5, 6; 353F.01; 353F.02, subdivisions 3, 5a; 353F.04, subdivision 2; 353F.051, subdivisions 1, 2, 3; 353G.01, subdivisions 6, 7, 11, 12, by adding subdivisions; 353G.02; 353G.03; 353G.04; 353G.05; 353G.06; 353G.07; 353G.08; 353G.09; 353G.10; 353G.11; 353G.115; 353G.12, subdivision 2, by adding a subdivision; 353G.13; 353G.14; 353G.15; 353G.16; 354.05, subdivisions 10, 13, 25; 354.07, subdivision 5; 354.092, subdivision 4; 354.42, subdivisions 1a, 4b, 4d; 354.44, subdivisions 8, 9; 354.445; 354.45, subdivision 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5; 354.52, subdivision 4c; 354.55, subdivision 10; 354.72, subdivision 2; 354A.011, subdivision 6; 354A.092; 354A.093, subdivision 6; 354A.096; 354A.108; 354A.12, subdivision 3c; 354A.29, subdivisions 7, 8, 9; 354A.31, subdivision 7; 354A.38, subdivision 3; 355.01, subdivision 3j; 355.07; 356.195, subdivision 2; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 11, 18; 356.245;

356.30, subdivision 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.32, subdivisions 1, 2; 356.40; 356.401, subdivision 3; 356.407, subdivisions 1, 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, 2; 356.431; 356.44; 356.461, subdivision 2; 356.465, subdivision 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.62; 356.635, subdivision 9, by adding a subdivision; 356B.10, subdivisions 2, 3, 4, 5, 6, 7; 423A.02, subdivision 1b; 423A.022, subdivision 5; 424A.001, subdivision 10, by adding a subdivision; 424A.002, subdivision 1; 424A.016, subdivision 4; 424A.02, subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3; 424A.092, subdivisions 3, 6; 424A.093, subdivisions 5, 6; 480.181, subdivision 2; 490.121, subdivision 4; 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 353G; repealing Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b; 352B.29; 353.01, subdivision 49; 353.025; 353.27, subdivision 1a; 353.50, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; 353.83; 353.84; 353.85; 353D.03, subdivision 4; 354.146, subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13, 16, 19; 354.58; 354.71; 354A.35, subdivision 2a; 354A.42; 356.405; 356.49, subdivision 2; 424A.03, subdivision 3."

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

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 362 and 1973 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Hoppe; Runbeck; Dean, M., and Mack introduced:

H. F. No. 2338, A bill for an act relating to insurance; providing an exemption for health care sharing ministries; amending Minnesota Statutes 2014, sections 60A.02, by adding a subdivision; 60A.24.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

Hoppe and Atkins introduced:

H. F. No. 2339, A bill for an act relating to commerce; regulating insurance fraud; regulating the wrongful detaining, suspending, or denying of no-fault auto benefits; amending Minnesota Statutes 2014, sections 45.0135, subdivisions 2b, 8; 65B.54, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 65B.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

Quam, Persell and Murphy, M., introduced:

H. F. No. 2340, A bill for an act relating to state contracts; permitting uncollectible judgments against prime contractors to be paid from contract retainage; requiring direct payments to subcontractors under certain circumstances; amending Minnesota Statutes 2014, section 16A.1245.

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy.

Hilstrom introduced:

H. F. No. 2341, A bill for an act relating to unemployment insurance; providing eligibility for benefits to employees of school contractors; amending Minnesota Statutes 2014, section 268.085, subdivision 8.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Dettmer introduced:

H. F. No. 2342, A bill for an act relating to veterans; providing for placement on the Capitol grounds of a memorial commemorating Minnesotans awarded the Medal of Honor.

The bill was read for the first time and referred to the Veterans Affairs Division.

Backer introduced:

H. F. No. 2343, A bill for an act relating to capital improvements; appropriating money for water treatment plants in Morris and Breckenridge; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Zerwas, Schoen, Sanders and Murphy, E., introduced:

H. F. No. 2344, A bill for an act relating to health; regulating the practice of orthotics, prosthetics, and podorthotics; requiring licensure; establishing fees; proposing coding for new law as Minnesota Statutes, chapter 153B.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Hamilton; Masin; Fischer; Loeffler; Murphy, E.; Zerwas; Moran; Pierson; Allen; Liebling; Backer; Schoen and McDonald introduced:

H. F. No. 2345, A bill for an act relating to health occupations; establishing a tiered registry system for spoken language health care interpreters; appropriating money; amending Minnesota Statutes 2014, section 256B.0625, subdivision 18a; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 2014, section 144.058.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Youakim, Albright, Peterson, Hausman, Kiel, Kresha, Uglem, Lillie, Hansen and Metsa introduced:

H. F. No. 2346, A bill for an act relating to capital investment; appropriating money for expansion and renovation of the Perspectives Family Center facility in St. Louis Park; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Hausman, Urdahl, Mahoney and Johnson, S., introduced:

H. F. No. 2347, A bill for an act relating to capital investment; appropriating money for critical improvements to alleviate and prevent water damage to the Science Museum of Minnesota; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Atkins introduced:

H. F. No. 2348, A bill for an act relating to capital investment; appropriating money for improvements to Heritage Village Park in Inver Grove Heights; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance.

Atkins introduced:

H. F. No. 2349, A bill for an act relating to capital investment; appropriating money for capital improvements to create quiet zones at railroad-highway crossings in Inver Grove Heights; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Atkins introduced:

H. F. No. 2350, A bill for an act relating to capital investment; appropriating money for improvements to the Inver Wood Golf Course in Inver Grove Heights; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance.

Atkins introduced:

H. F. No. 2351, A bill for an act relating to capital investment; appropriating money for improvements to the Veterans Memorial Community Center in Inver Grove Heights; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Atkins introduced:

H. F. No. 2352, A bill for an act relating to capital investment; appropriating money for reconstruction of Broderick Boulevard in Inver Grove Heights; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Howe; Urdahl; Hausman; Murphy, M., and Nornes introduced:

H. F. No. 2353, A bill for an act relating to capital investment; appropriating money for the library construction grant program; authorizing the sale and issuance of state bonds.

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

McNamara moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore O'Driscoll.

Thissen was excused between the hours of 7:00 p.m. and 7:40 p.m.

Fischer was excused between the hours of 7:00 p.m. and 8:00 p.m.

Applebaum, Daudt, Hausman and Mullery were excused for the remainder of today's session.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 1554, A bill for an act relating to agriculture; making policy and technical changes to various agriculture related provisions, including provisions related to reports, loans, pesticides, fertilizer, soil amendment, plant amendment, registrations, nursery stock, agricultural chemicals, seeds, grain storage, and food; extending agricultural growth, research, and innovation program; providing agritourism liability immunity; providing permissive term usage for petroleum dispensers; extending the protection of equity-stripping law to owners of agricultural property; making technical changes; amending Minnesota Statutes 2014, sections 17.03, subdivision 11a; 17.117, subdivision 11; 18B.055, subdivision 1; 18B.065, subdivisions 2a, 7; 18B.30; 18B.37, subdivisions 2,

3, 4; 18C.235, subdivision 1; 18C.411, by adding a subdivision; 18H.14; 21.81, by adding subdivisions; 21.82, subdivisions 2, 4; 21.85, subdivision 2, by adding a subdivision; 21.87; 34A.11; 41A.12, subdivision 4; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 41B.047, subdivisions 1, 3, 4; 232.22, subdivision 5; 239.751, by adding a subdivision; 325N.01; 325N.10, subdivisions 2, 7; 325N.17; proposing coding for new law in Minnesota Statutes, chapter 604A; repealing Minnesota Statutes 2014, section 18C.235, subdivision 2; Minnesota Rules, part 1510.0111.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2193, A bill for an act relating to workers' compensation; adopting recommendations of the workers' compensation advisory council regarding inpatient hospital payments; regulating electronic transactions; modifying injury reporting requirements; authorizing rulemaking; requiring a report; amending Minnesota Statutes 2014, sections 176.135, by adding a subdivision; 176.136, subdivision 1b; 176.221, subdivision 8; 176.231, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 176.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 307, A bill for an act relating to transportation; commerce; providing for proof of insurance in electronic format; amending Minnesota Statutes 2014, section 169.791, subdivisions 1, 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 1003, A bill for an act relating to local government; permitting local governments to donate certain surplus equipment to nonprofit organizations; creating an exception to tort liability; amending Minnesota Statutes 2014, section 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471.

JOANNE M. ZOFF, Secretary of the Senate

Laine moved that the House refuse to concur in the Senate amendments to H. F. No. 1003, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 86, A bill for an act relating to data practices; classifying data and providing procedures related to automated license plate readers and portable recording systems; amending Minnesota Statutes 2014, section 13.82, subdivision 15, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 626.

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

Senators Latz, Kent and Hall.

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

JOANNE M. ZOFF, Secretary of the Senate

Cornish moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 86. The motion prevailed.

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 6, A Senate concurrent resolution relating to conference committee meetings.

JOANNE M. ZOFF, Secretary of the Senate

SUSPENSION OF RULES

Peppin moved that the rules be so far suspended that Senate Concurrent Resolution No. 6 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 6

A Senate concurrent resolution relating to conference committee meetings.

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring:

The provisions of Joint Rule 2.06 prohibiting a conference committee from meeting between the hours of midnight and 7:00 a.m. are suspended for all conference committee meetings until 11:59 p.m. on May 18, 2015.

Peppin moved that Senate Concurrent Resolution No. 6 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 6 was adopted.

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 7, A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 2016.

JOANNE M. ZOFF, Secretary of the Senate

SUSPENSION OF RULES

Peppin moved that the rules be so far suspended that Senate Concurrent Resolution No. 7 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 7

A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 2016.

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 18, 2015, the Senate may set its next day of meeting for Tuesday, March 8, 2016, at 12:00 noon and the House of Representatives may set its next day of meeting for Tuesday, March 8, 2016, at 12:00 noon.
2. By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Peppin moved that Senate Concurrent Resolution No. 7 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 7 was adopted.

Winkler was excused between the hours of 7:15 p.m. and 8:05 p.m.

Cornish was excused between the hours of 7:15 p.m. and 8:15 p.m.

CALENDAR FOR THE DAY

S. F. No. 1371 was reported to the House.

MOTION TO SUSPEND RULES

Simonson moved that rule 3.33 relating to Amendments Must be Prefiled be suspended for the purpose of offering his amendment to S. F. No. 1371, the second engrossment. The motion did not prevail.

S. F. No. 1371, A bill for an act relating to labor and industry; making housekeeping changes to the Construction Codes and Licensing Division; making housekeeping changes related to the Office of Combative Sports and apprenticeship program; clarifying safe patient handling requirements; removing obsolete, redundant, and unnecessary laws and rules; making conforming changes; authorizing rulemaking; amending Minnesota Statutes 2014, sections 103I.205, subdivision 4; 177.27, subdivision 4; 178.03, subdivision 3; 178.07; 181.171, subdivision 1; 182.6552, subdivision 2; 182.6553, subdivisions 1, 2; 184.21, subdivision 4; 184.24, subdivision 1; 184.41; 326B.082, subdivision 11; 326B.092, subdivisions 3, 7; 326B.094, subdivisions 2, 3; 326B.098, by adding a subdivision; 326B.106, subdivisions 1, 4, 7; 326B.109, subdivision 2; 326B.13, subdivision 8; 326B.135, subdivision 4; 326B.139; 326B.164, subdivision 8; 326B.184, subdivision 2; 326B.188; 326B.194; 326B.33, subdivisions 6, 15; 326B.37, subdivision 11; 326B.46, subdivisions 1b, 2; 326B.49, subdivision 3; 326B.56, subdivision 1; 326B.701, subdivision 3; 326B.811, subdivision 1; 326B.84; 326B.86, subdivision 1; 326B.921, subdivision 5; 326B.99, subdivision 2; 341.21, subdivisions 2a, 4, 4f, 7, by adding a subdivision; 341.28, subdivision 3; 341.29; 341.30, subdivisions 1, 2, 4; 341.32, subdivisions 1, 2; 341.33; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2014, sections 16C.0745; 181.12; 184.22, subdivision 1; 184.25; 184.26; 184.27; 184.28; 184.29; 184.30, subdivision 1; 184.32; 184.33; 184.34; 184.35; 184.36; 184.38, subdivisions 2, 16, 17; 184.40; 326B.091, subdivision 6; 326B.106, subdivision 10; 326B.169; 326B.181; 471.465; 471.466; 471.467; 471.468; 609B.137; Minnesota Rules, parts 5200.0510; 5200.0520; 5200.0530; 5200.0540; 5200.0550; 5200.0560; 5200.0570; 5200.0750; 5200.0760.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 78 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Heintzeman	Loon	Nornes	Sanders
Anderson, M.	Dill	Hertaus	Loonan	O'Driscoll	Schomacker
Anderson, P.	Drazkowski	Hoppe	Lucero	O'Neill	Scott
Anderson, S.	Erickson	Howe	Lueck	Pelowski	Smith
Anzelc	Fabian	Johnson, B.	Mack	Peppin	Swedzinski
Backer	Franson	Kelly	Marquart	Petersburg	Theis
Baker	Garofalo	Kiel	McDonald	Peterson	Torkelson
Barrett	Green	Knoblach	McNamara	Pierson	Uglen
Bennett	Gruenhagen	Koznick	Melin	Poppe	Urdahl
Christensen	Gunther	Kresha	Metsa	Pugh	Vogel
Daniels	Hackbarth	Lesch	Miller	Quam	Whelan
Davids	Hamilton	Lien	Nash	Rarick	Wills
Dean, M.	Hancock	Lohmer	Newberger	Runbeck	Zerwas

Those who voted in the negative were:

Allen	Dehn, R.	Isaacson	Loeffler	Persell	Wagenius
Atkins	Erhardt	Johnson, C.	Mahoney	Rosenthal	Ward
Bernardy	Freiberg	Johnson, S.	Masin	Schoen	Yarusso
Bly	Halverson	Kahn	Moran	Schultz	Youakim
Carlson	Hansen	Laine	Murphy, M.	Selcer	
Clark	Hilstrom	Lenczewski	Nelson	Simonson	
Considine	Hornstein	Liebling	Newton	Slocum	
Davnie	Hortman	Lillie	Norton	Sundin	

The bill was passed and its title agreed to.

S. F. No. 253, A bill for an act relating to health occupations; providing for an interstate medical licensure compact project; proposing coding for new law in Minnesota Statutes, chapter 147.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Dehn, R.	Hoppe	Lohmer	Nornes	Scott
Allen	Dettmer	Hornstein	Loon	Norton	Selcer
Anderson, M.	Dill	Hortman	Loonan	O'Driscoll	Simonson
Anderson, P.	Drazkowski	Howe	Lucero	O'Neill	Slocum
Anderson, S.	Erhardt	Isaacson	Lueck	Pelowski	Smith
Anzelc	Erickson	Johnson, B.	Mack	Peppin	Sundin
Atkins	Fabian	Johnson, C.	Mahoney	Persell	Swedzinski
Backer	Franson	Johnson, S.	Marquart	Petersburg	Theis
Baker	Freiberg	Kahn	Masin	Peterson	Thissen
Barrett	Garofalo	Kelly	McDonald	Pierson	Torkelson
Bennett	Green	Kiel	McNamara	Pinto	Uglen
Bernardy	Gruenhagen	Knoblach	Melin	Poppe	Urdahl
Bly	Gunther	Koznick	Metsa	Pugh	Vogel
Carlson	Hackbarth	Kresha	Miller	Quam	Wagenius
Christensen	Halverson	Laine	Moran	Rarick	Ward
Clark	Hamilton	Lenczewski	Murphy, E.	Rosenthal	Whelan
Considine	Hancock	Lesch	Murphy, M.	Runbeck	Wills
Daniels	Hansen	Liebling	Nash	Sanders	Yarusso
Davids	Heintzeman	Lien	Nelson	Schoen	Youakim
Davnie	Hertaus	Lillie	Newberger	Schomacker	Zerwas
Dean, M.	Hilstrom	Loeffler	Newton	Schultz	

The bill was passed and its title agreed to.

S. F. No. 495, A bill for an act relating to health; requiring stroke transport protocols; amending Minnesota Statutes 2014, section 144E.16, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Backer	Christensen	Dehn, R.	Franson	Halverson
Allen	Baker	Clark	Dettmer	Freiberg	Hamilton
Anderson, M.	Barrett	Considine	Dill	Garofalo	Hancock
Anderson, P.	Bennett	Daniels	Drazkowski	Green	Hansen
Anderson, S.	Bernardy	Davids	Erhardt	Gruenhagen	Heintzeman
Anzelc	Bly	Davnie	Erickson	Gunther	Hertaus
Atkins	Carlson	Dean, M.	Fabian	Hackbarth	Hilstrom

Hoppe	Laine	Marquart	Nornes	Rarick	Theis
Hornstein	Lenczewski	Masin	Norton	Rosenthal	Thissen
Hortman	Lesch	McDonald	O'Driscoll	Runbeck	Torkelson
Howe	Liebling	McNamara	O'Neill	Sanders	Uglen
Isaacson	Lien	Melin	Pelowski	Schoen	Urdahl
Johnson, B.	Lillie	Metsa	Peppin	Schomacker	Vogel
Johnson, C.	Loeffler	Miller	Persell	Schultz	Wagenius
Johnson, S.	Lohmer	Moran	Petersburg	Scott	Ward
Kahn	Loon	Murphy, E.	Peterson	Selcer	Whelan
Kelly	Loonan	Murphy, M.	Pierson	Simonson	Wills
Kiel	Lucero	Nash	Pinto	Slocum	Yarusso
Knoblach	Lueck	Nelson	Poppe	Smith	Youakim
Koznick	Mack	Newberger	Pugh	Sundin	Zerwas
Kresha	Mahoney	Newton	Quam	Swedzinski	

The bill was passed and its title agreed to.

S. F. No. 455 was reported to the House.

Sanders moved to amend S. F. No. 455, the fourth engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 840, the second engrossment:

"ARTICLE 1
ELECTION ADMINISTRATION

Section 1. Minnesota Statutes 2014, section 123B.09, subdivision 1, is amended to read:

Subdivision 1. **School board membership.** The care, management, and control of independent districts is vested in a board of directors, to be known as the school board. The term of office of a member shall be four years commencing on the first Monday in January and until a successor qualifies. The membership of the board shall consist of six elected directors together with such ex officio member as may be provided by law. The board may submit to the electors at any school election the question whether the board shall consist of seven members. If a majority of those voting on the proposition favor a seven-member board, a seventh member shall be elected at the next election of directors for a four-year term and thereafter the board shall consist of seven members.

Those districts with a seven-member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six members. If a majority of those voting on the proposition favor a six-member board instead of a seven-member board, ~~two~~ three members instead of ~~three~~ four members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.

Sec. 2. Minnesota Statutes 2014, section 200.02, subdivision 7, is amended to read:

Subd. 7. **Major political party.** (a) "Major political party" means a political party that maintains a party organization in the state, political division or precinct in question and that has presented at least one candidate for election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the last preceding state general election for presidential electors; and

whose candidate received votes in each county in that election and received votes from not less than five percent of the total number of individuals who voted in that election.

(b) "Major political party" also means a political party that maintains a party organization in the state, political subdivision, or precinct in question and that has presented at least 45 candidates for election to the office of state representative, 23 candidates for election to the office of state senator, four candidates for election to the office of representative in Congress, and one candidate for election to each of the following offices: governor and lieutenant governor, attorney general, secretary of state, and state auditor, at the last preceding state general election for those offices.

(c) "Major political party" also means a political party that maintains a party organization in the state, political subdivision, or precinct in question and whose members present to the secretary of state at any time before the close of filing for the state partisan primary ballot a petition for a place on the state partisan primary ballot, which petition contains valid signatures of a number of the party members equal to at least five percent of the total number of individuals who voted in the preceding state general election. A signature is valid only if signed no more than one year prior to the date the petition was filed.

(d) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (a) or a political party that presents candidates at an election as required by paragraph (b) becomes a major political party as of January 1 following that election and retains its major party status for at least two state general elections even if the party fails to present a candidate who receives the number and percentage of votes required under paragraph (a) or fails to present candidates as required by paragraph (b) at subsequent state general elections.

(e) A major political party whose candidates fail to receive the number and percentage of votes required under paragraph (a) and that fails to present candidates as required by paragraph (b) at each of two consecutive state general elections described by paragraph (a) or (b), respectively, loses major party status as of December 31 following the later of the two consecutive state general elections.

Sec. 3. Minnesota Statutes 2014, section 200.02, subdivision 23, is amended to read:

Subd. 23. **Minor political party.** (a) "Minor political party" means a political party that has adopted a state constitution, designated a state party chair, held a state convention in the last two years, filed with the secretary of state no later than December 31 following the most recent state general election a certification that the party has met the foregoing requirements, and met the requirements of paragraph (b) or (e), as applicable.

(b) To be considered a minor party in all elections statewide, the political party must have presented at least one candidate for election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general, at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the preceding state general election for presidential electors; and

(3) who received votes in each county that in the aggregate equal at least one percent of the total number of individuals who voted in the election, or its members must have presented to the secretary of state at any time before the close of filing for the state partisan primary ballot a nominating petition in a form prescribed by the secretary of

state containing the valid signatures of party members in a number equal to at least one percent of the total number of individuals who voted in the preceding state general election. A signature is valid only if signed no more than one year prior to the date the petition was filed.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (b) becomes a minor political party as of January 1 following that election and retains its minor party status for at least two state general elections even if the party fails to present a candidate who receives the number and percentage of votes required under paragraph (b) at subsequent state general elections.

(d) A minor political party whose candidates fail to receive the number and percentage of votes required under paragraph (b) at each of two consecutive state general elections described by paragraph (b) loses minor party status as of December 31 following the later of the two consecutive state general elections.

(e) A minor party that qualifies to be a major party loses its status as a minor party at the time it becomes a major party. Votes received by the candidates of a major party must be counted in determining whether the party received sufficient votes to qualify as a minor party, notwithstanding that the party does not receive sufficient votes to retain its major party status. To be considered a minor party in an election in a legislative district, the political party must have presented at least one candidate for a legislative office in that district who received votes from at least ten percent of the total number of individuals who voted for that office, or its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the valid signatures of party members in a number equal to at least ten percent of the total number of individuals who voted in the preceding state general election for that legislative office. A signature is valid only if signed no more than one year prior to the date the petition was filed.

Sec. 4. Minnesota Statutes 2014, section 200.02, is amended by adding a subdivision to read:

Subd. 27. **Partisan offices.** "Partisan offices" means federal offices, presidential electors, constitutional offices, and legislative offices.

Sec. 5. Minnesota Statutes 2014, section 200.02, is amended by adding a subdivision to read:

Subd. 28. **Nonpartisan offices.** "Nonpartisan offices" means all judicial, county, municipal, school district, and special district offices.

Sec. 6. Minnesota Statutes 2014, section 201.071, subdivision 1, is amended to read:

Subdivision 1. **Form.** Both paper and electronic voter registration applications must contain the same information unless otherwise provided by law. A voter registration application must contain spaces for the following required information: voter's first name, middle name, and last name; voter's previous name, if any; voter's current address; voter's previous address, if any; voter's date of birth; voter's municipality and county of residence; voter's telephone number, if provided by the voter; date of registration; current and valid Minnesota driver's license number or Minnesota state identification number, or if the voter has no current and valid Minnesota driver's license or Minnesota state identification, the last four digits of the voter's Social Security number; and voter's signature. The paper registration application may include the voter's e-mail address, if provided by the voter. The electronic voter registration application must include the voter's e-mail address. The registration application may include the voter's interest in serving as an election judge, if indicated by the voter. The application must also contain the following certification of voter eligibility:

"I certify that I:

(1) will be at least 18 years old on election day;

- (2) am a citizen of the United States;
- (3) will have resided in Minnesota for 20 days immediately preceding election day;
- (4) maintain residence at the address given on the registration form;
- (5) am not under court-ordered guardianship in which the court order revokes my right to vote;
- (6) have not been found by a court to be legally incompetent to vote;
- (7) have the right to vote because, if I have been convicted of a felony, my felony sentence has expired (been completed) or I have been discharged from my sentence; and
- (8) have read and understand the following statement: that giving false information is a felony punishable by not more than five years imprisonment or a fine of not more than \$10,000, or both."

The certification must include boxes for the voter to respond to the following questions:

"(1) Are you a citizen of the United States?" and

"(2) Will you be 18 years old on or before election day?"

And the instruction:

"If you checked 'no' to either of these questions, do not complete this form."

~~A paper voter registration application must be of suitable size and weight for mailing.~~ The form of the voter registration application and the certification of voter eligibility must be as provided in this subdivision and approved by the secretary of state. Voter registration forms authorized by the National Voter Registration Act must also be accepted as valid. The federal postcard application form must also be accepted as valid if it is not deficient and the voter is eligible to register in Minnesota.

An individual may use a voter registration application to apply to register to vote in Minnesota or to change information on an existing registration.

Sec. 7. Minnesota Statutes 2014, section 201.158, is amended to read:

201.158 USE OF DEPARTMENT OF PUBLIC SAFETY DATA.

As required by the Help America Vote Act of 2002, Public Law 107-252, the commissioner of public safety shall make electronic data on citizenship available to the secretary of state. The secretary of state must determine whether the data newly indicates that any individuals who have active records in the statewide voter registration system are not citizens. The secretary of state shall prepare a list of those voters for each county auditor at least monthly. The county auditor shall change the status of those registrants in the statewide voter registration system to reflect that they are challenged based upon their citizenship and must notify the county attorney.

~~In 2010, the secretary of state must make the determination and provide lists to the county auditors between 30 and 60 days before the general election and again between six and ten weeks after the election. In 2011, the secretary of state must make this determination again as part of the annual list maintenance. By August 1, 2012, the secretary of state must provide electronic lists to the counties at least monthly.~~

Sec. 8. Minnesota Statutes 2014, section 201.275, is amended to read:

201.275 INVESTIGATIONS; PROSECUTIONS.

(a) A law enforcement agency that is notified by affidavit of an alleged violation of this chapter shall promptly investigate. Upon receiving an affidavit alleging a violation of this chapter, a county attorney shall promptly forward it to a law enforcement agency with jurisdiction for investigation. If there is probable cause for instituting a prosecution, the county attorney shall proceed ~~by complaint or present the charge, with whatever evidence has been found, to the grand jury~~ according to the generally applicable standards regarding the prosecutorial functions and duties of a county attorney, provided that the county attorney is not required to proceed with the prosecution if the complainant withdraws the allegation. A county attorney who refuses or intentionally fails to faithfully perform this or any other duty imposed by this chapter is guilty of a misdemeanor and upon conviction shall forfeit office. ~~The county attorney, under the penalty of forfeiture of office, shall prosecute all violations of this chapter except violations of this section; if, however, a complainant withdraws an allegation under this chapter, the county attorney is not required to proceed with the prosecution.~~

(b) Willful violation of this chapter by any public employee constitutes just cause for suspension without pay or dismissal of the public employee.

(c) Where the matter relates to a voter registration application submitted electronically through the secure Web site established in section 201.061, subdivision 1, alleged violations of this chapter may be investigated and prosecuted in the county in which the individual registered or attempted to register.

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

Sec. 9. Minnesota Statutes 2014, section 203B.07, subdivision 1, is amended to read:

Subdivision 1. **Delivery of envelopes, directions.** The county auditor or the municipal clerk shall prepare, print, and transmit a return envelope, a ballot envelope, and a copy of the directions for casting an absentee ballot to each applicant whose application for absentee ballots is accepted pursuant to section 203B.04. The county auditor or municipal clerk shall provide first class postage for the return envelope. The directions for casting an absentee ballot shall be printed in at least 14-point bold type with heavy leading and may be printed on the ballot envelope. When a person requests the directions in Braille or on ~~cassette tape~~ audio file, the county auditor or municipal clerk shall provide them in the form requested. The secretary of state shall prepare Braille and ~~cassette~~ audio file copies and make them available.

When a voter registration application is sent to the applicant as provided in section 203B.06, subdivision 4, the directions or registration application shall include instructions for registering to vote.

Sec. 10. Minnesota Statutes 2014, section 203B.08, subdivision 1, is amended to read:

Subdivision 1. **Marking and return by voter.** An eligible voter who receives absentee ballots as provided in this chapter shall mark them in the manner specified in the directions for casting the absentee ballots. The return envelope containing marked ballots may be mailed as provided in the directions for casting the absentee ballots or may be left with the county auditor or municipal clerk who transmitted the absentee ballots to the voter. If delivered in person ~~by an agent~~, the return envelope must be submitted to the county auditor or municipal clerk by 3:00 p.m. on election day.

The voter may designate an agent to deliver in person the sealed absentee ballot return envelope to the county auditor or municipal clerk or to deposit the return envelope in the mail. An agent may deliver or mail the return envelopes of not more than three voters in any election. Any person designated as an agent who tampers with either the return envelope or the voted ballots or does not immediately mail or deliver the return envelope to the county auditor or municipal clerk is guilty of a misdemeanor.

Sec. 11. Minnesota Statutes 2014, section 203B.08, subdivision 3, is amended to read:

Subd. 3. **Procedures on receipt of ballots.** When absentee ballots are returned to a county auditor or municipal clerk, that official shall stamp or initial and date the return envelope and place it in a secure location with other return envelopes received by that office. Within five days after receipt, the county auditor or municipal clerk shall deliver to the ballot board all ballots received, except that during the 14 days immediately preceding an election, the county auditor or municipal clerk shall deliver all ballots received to the ballot board within three days. Ballots received on election day either (1) after 3:00 p.m., if delivered ~~by an agent in person~~; or (2) after ~~the last mail delivery 8 p.m.~~, if delivered by ~~another method~~ mail or a package delivery service, shall be marked as received late by the county auditor or municipal clerk, and must not be delivered to the ballot board.

Sec. 12. Minnesota Statutes 2014, section 203B.121, subdivision 2, is amended to read:

Subd. 2. **Duties of ballot board; absentee ballots.** (a) The members of the ballot board shall take possession of all return envelopes delivered to them in accordance with section 203B.08. Upon receipt from the county auditor, municipal clerk, or school district clerk, two or more members of the ballot board shall examine each return envelope and shall mark it accepted or rejected in the manner provided in this subdivision. Election judges performing the duties in this section must be of different major political parties, unless they are exempt from that requirement under section 205.075, subdivision 4, or section 205A.10, subdivision 2.

(b) The members of the ballot board shall mark the return envelope "Accepted" and initial or sign the return envelope below the word "Accepted" if a majority of the members of the ballot board examining the envelope are satisfied that:

(1) the voter's name and address on the return envelope are the same as the information provided on the absentee ballot application;

(2) the voter signed the certification on the envelope;

(3) the voter's Minnesota driver's license, state identification number, or the last four digits of the voter's Social Security number are the same as ~~the a number provided~~ on the voter's absentee ballot application for ballots or voter record. If the number does not match ~~the number as submitted on the application, or if a number was not submitted on the application~~, the election judges must compare the signature provided by the applicant to determine whether the ballots were returned by the same person to whom they were transmitted;

(4) the voter is registered and eligible to vote in the precinct or has included a properly completed voter registration application in the return envelope;

(5) the certificate has been completed as prescribed in the directions for casting an absentee ballot; and

(6) the voter has not already voted at that election, either in person or, if it is after the close of business on the seventh day before the election, by absentee ballot.

The return envelope from accepted ballots must be preserved and returned to the county auditor.

(c)(1) If a majority of the members of the ballot board examining a return envelope find that an absentee voter has failed to meet one of the requirements provided in paragraph (b), they shall mark the return envelope "Rejected," initial or sign it below the word "Rejected," list the reason for the rejection on the envelope, and return it to the county auditor. There is no other reason for rejecting an absentee ballot beyond those permitted by this section. Failure to place the ballot within the security envelope before placing it in the outer white envelope is not a reason to reject an absentee ballot.

(2) If an envelope has been rejected at least five days before the election, the envelope must remain sealed and the official in charge of the ballot board shall provide the voter with a replacement absentee ballot and return envelope in place of the rejected ballot.

(3) If an envelope is rejected within five days of the election, the envelope must remain sealed and the official in charge of the ballot board must attempt to contact the voter by telephone or e-mail to notify the voter that the voter's ballot has been rejected. The official must document the attempts made to contact the voter.

(d) The official in charge of the absentee ballot board must mail the voter a written notice of absentee ballot rejection between six and ten weeks following the election. If the official determines that the voter has otherwise cast a ballot in the election, no notice is required. If an absentee ballot arrives after the deadline for submission provided by this chapter, the notice must be provided between six to ten weeks after receipt of the ballot. A notice of absentee ballot rejection must contain the following information:

(1) the date on which the absentee ballot was rejected or, if the ballot was received after the required deadline for submission, the date on which the ballot was received;

(2) the reason for rejection; and

(3) the name of the appropriate election official to whom the voter may direct further questions, along with appropriate contact information.

(e) An absentee ballot return envelope marked "Rejected" may not be opened or subject to further review except in an election contest filed pursuant to chapter 209.

Sec. 13. Minnesota Statutes 2014, section 203B.17, subdivision 1, is amended to read:

Subdivision 1. **Submission of application.** (a) An application for absentee ballots for a voter described in section 203B.16 must be in writing and may be submitted in person, by mail, by electronic facsimile device, by electronic mail, or electronically through a secure Web site that shall be maintained by the secretary of state for this purpose, upon determination by the secretary of state that security concerns have been adequately addressed. An application for absentee ballots for a voter described in section 203B.16 may be submitted by that voter or by that voter's parent, spouse, sister, brother, or child over the age of 18 years. ~~For purposes of an application under this subdivision, a person's Social Security number, no matter how it is designated, qualifies as the person's military identification number if the person is in the military.~~

(b) An application for a voter described in section 203B.16, subdivision 1, shall be submitted to the county auditor of the county where the voter maintains residence or through the secure Web site maintained by the secretary of state.

(c) An application for a voter described in section 203B.16, subdivision 2, shall be submitted to the county auditor of the county where the voter last maintained residence in Minnesota or through the secure Web site maintained by the secretary of state.

(d) An application for absentee ballots shall be valid for any primary, special primary, general election, or special election from the time the application is received through the end of that calendar year.

(e) There shall be no limitation of time for filing and receiving applications for ballots under sections 203B.16 to 203B.27.

Sec. 14. Minnesota Statutes 2014, section 204B.06, subdivision 1b, is amended to read:

Subd. 1b. **Address and telephone number.** (a) An affidavit of candidacy must state a telephone number where the candidate can be contacted. An affidavit must also state the candidate's address of residence as determined under section 200.031, or at the candidate's request in accordance with paragraph (c), the candidate's campaign contact address. The form for the affidavit of candidacy must allow the candidate to request, if eligible, that the candidate's address of residence be classified as private data, and to provide the certification required under paragraph (c) for classification of that address.

(b) For an office whose residency requirement must be satisfied by the close of the filing period, a registered voter in this state may request in writing that the filing officer receiving the affidavit of candidacy review the address as provided in this paragraph, at any time up to one day after the last day for filing for office. If requested, the filing officer must determine whether the address provided in the affidavit of candidacy is within the area represented by the office the candidate is seeking. If the filing officer determines that the address is not within the area represented by the office, the filing officer must immediately notify the candidate and the candidate's name must be removed from the ballot for that office. A determination made by a filing officer under this paragraph is subject to judicial review under section 204B.44.

(c) If the candidate requests that the candidate's address of residence be classified as private data, the candidate must list the candidate's address of residence on a separate form to be attached to the affidavit. The candidate must also certify on the affidavit that a police report has been submitted or an order for protection has been issued in regard to the safety of the candidate or the candidate's family, or that the candidate's address is otherwise private pursuant to Minnesota law. The address of residence provided by a candidate who makes a request for classification on the candidate's affidavit of candidacy and provides the certification required by this paragraph is classified as private data, as defined in section 13.02, subdivision 12, but may be reviewed by the filing officer as provided in this subdivision.

(d) The requirements of this subdivision do not apply to affidavits of candidacy for a candidate for: (1) judicial office; (2) the office of county attorney; or (3) county sheriff.

Sec. 15. Minnesota Statutes 2014, section 204B.13, subdivision 1, is amended to read:

Subdivision 1. **Partisan office.** (a) A vacancy in nomination for a partisan office must be filled in the manner provided by this section. A vacancy in nomination exists for a partisan office when a major political party candidate who has been nominated in accordance with section 204D.03, subdivision 3, or 204D.10, subdivision 1:

(1) dies;

(2) ~~withdraws as provided in section 204B.12, subdivision 1; or~~

~~(3) withdraws by filing an affidavit of withdrawal, as provided in paragraph (b), at least one day prior to the general election with the same official who received the affidavit of candidacy; or~~

(3) is determined to be ineligible to hold the office the candidate is seeking, pursuant to a court order issued under section 204B.44.

(b) An affidavit of withdrawal filed under paragraph (a), clause (3), must state that the candidate has been diagnosed with a catastrophic illness that will permanently and continuously incapacitate the candidate and prevent the candidate from performing the duties of the office sought, if elected. The affidavit must be accompanied by a certificate verifying the candidate's illness meets the requirements of this paragraph, signed by at least two licensed physicians. The affidavit and certificate may be filed by the candidate or the candidate's legal guardian.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to elections for which the candidate withdrawal period under section 204B.12, subdivision 1, occurs on or after that date.

Sec. 16. Minnesota Statutes 2014, section 204B.13, subdivision 2, is amended to read:

Subd. 2. **Partisan office; nomination by party; special election.** (a) Except as provided in subdivision 5, a major political party may fill a vacancy in nomination of that party's candidate as defined in subdivision 1, clause (1) ~~or (2), or (3)~~, by filing one nomination certificate with the same official who received the affidavits of candidacy for that office.

A major political party may provide in its governing rules a procedure, including designation of an appropriate committee, to fill a vacancy in nomination for any federal or state partisan office. The nomination certificate shall be prepared under the direction of and executed by the chair and secretary of the political party and filed within the timelines established in this section. When filing the certificate the chair and secretary shall attach an affidavit stating that the newly nominated candidate has been selected under the rules of the party and that the individuals signing the certificate and making the affidavit are the chair and secretary of the party.

(b) In the case of a vacancy in nomination for partisan office that occurs on or before the 79th day before the general election, the major political party must file the nomination certificate no later than 71 days before the general election. The name of the candidate nominated by the party must appear on the general election ballot.

(c) Except as provided in subdivision 5, in the case of a vacancy in nomination for a partisan office that occurs after the 79th day before the general election, the general election ballot shall remain unchanged, but the county and state canvassing boards must not certify the vote totals for that office from the general election, and the office must be filled at a special election held in accordance with this section. Except for the vacancy in nomination, all other candidates whose names appeared on the general election ballot for the office must appear on the special election ballot for the office. New affidavits of candidacy or nominating petitions may not be accepted, and there must not be a primary to fill the vacancy in nomination. The major political party may file a nomination certificate as provided in paragraph (a) no later than seven days after the general election. On the date of the general election, the county auditor or municipal clerk shall post a notice in each precinct affected by a vacancy in nomination under this paragraph, informing voters of the reason for the vacancy in nomination and the procedures for filling the vacancy in nomination and conducting a special election as required by this section. The secretary of state shall prepare and electronically distribute the notice to county auditors in each county affected by a vacancy in nomination.

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

Sec. 17. Minnesota Statutes 2014, section 204B.13, subdivision 5, is amended to read:

Subd. 5. **Candidates for governor and lieutenant governor.** (a) If a vacancy in nomination for a major political party occurs in the race for governor, the political party must nominate the candidates for both governor and lieutenant governor. If a vacancy in nomination for a major political party occurs in the race for lieutenant governor, the candidate for governor shall select the candidate for lieutenant governor.

(b) For a vacancy in nomination for lieutenant governor that occurs on or before the 79th day before the general election, the name of the lieutenant governor candidate must be submitted by the governor candidate to the filing officer no later than 71 days before the general election. If the vacancy in nomination for lieutenant governor occurs after the 79th day before the general election, the candidate for governor shall submit the name of the new lieutenant governor candidate to the secretary of state within seven days after the vacancy in nomination occurs, but no changes may be made to the general election ballots.

(c) When a vacancy in nomination for lieutenant governor occurs after the 79th day before the general election, the county auditor or municipal clerk shall post a notice in each precinct affected by the vacancy in nomination. The secretary of state shall prepare and electronically distribute the notice to county auditors. The county auditor must ensure that each precinct in the county receives the notice prior to the opening of the polls on election day. The notice must include:

(1) a statement that there is a vacancy in nomination for lieutenant governor and the statutory reason for the vacancy in nomination as provided in subdivision 1, paragraph (a), clauses (1) ~~and~~, (2), or (3);

(2) a statement that the results for the governor and lieutenant governor will be counted and that no special election will be held for that race; and

(3) a list of all candidates in the governor and lieutenant governor's race, listed in order of the base rotation. The listing of candidates shall include the name of the candidate to fill the vacancy in nomination for lieutenant governor. If the name of the candidate has not yet been named, then the list must include the date by which the candidate will be named.

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

Sec. 18. Minnesota Statutes 2014, section 204B.131, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** A vacancy in nomination for a nonpartisan office must be filled in the manner provided by this section. A vacancy in nomination for a nonpartisan office exists when:

(1) a candidate for any nonpartisan office, for which one or two candidates filed, withdraws as provided in section 204B.12, subdivision 1; ~~or~~

(2) a candidate for any nonpartisan office, for which one or two candidates filed, is determined to be ineligible to hold the office the candidate is seeking, pursuant to a court order issued under section 204B.44; or

~~(2)~~ (3) a candidate for any nonjudicial nonpartisan office, for which only one or two candidates filed or who was nominated at a primary, dies on or before the 79th day before the date of the general election.

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

Sec. 19. Minnesota Statutes 2014, section 204B.19, subdivision 2, is amended to read:

Subd. 2. **Individuals not qualified to be election judges.** (a) Except as provided in paragraph (b), no individual shall be appointed as an election judge for any precinct if that individual:

(1) is unable to read, write, or speak the English language;

(2) is the spouse; parent, including a stepparent; child, including a stepchild; or sibling, including a stepsibling; of any election judge serving in the same precinct or of any candidate at that election; ~~or~~

(3) is domiciled, either permanently or temporarily, with any candidate on the ballot at that election; or

(4) is a candidate at that election.

(b) Individuals who are related to each other as provided in paragraph (a), clause (2), may serve as election judges in the same precinct, provided that they serve on separate shifts that do not run concurrently.

Sec. 20. Minnesota Statutes 2014, section 204B.19, subdivision 6, is amended to read:

Subd. 6. **High school students.** Notwithstanding any other requirements of this section, a student enrolled in a high school in Minnesota or who is in a home school in compliance with sections 120A.22 and 120A.24, who has attained the age of 16 is eligible to be appointed as a without party affiliation trainee election judge ~~in the county in~~

~~which the student resides.~~ The student must meet qualifications for trainee election judges specified in rules of the secretary of state. A student appointed as a trainee election judge may be excused from school attendance during the hours that the student is serving as a trainee election judge if the student submits a written request signed and approved by the student's parent or guardian to be absent from school and a certificate from the appointing authority stating the hours during which the student will serve as a trainee election judge to the principal of the school at least ten days prior to the election. Students shall not serve as trainee election judges after 10:00 p.m. Notwithstanding section 177.24 to the contrary, trainee election judges may be paid not less than two-thirds of the minimum wage for a large employer. The principal of the school may approve a request to be absent from school conditioned on acceptable academic performance at the time of service as a trainee election judge.

Sec. 21. Minnesota Statutes 2014, section 204B.36, subdivision 1, is amended to read:

Subdivision 1. **Type.** All ballots shall be printed with black ink on paper of sufficient thickness to prevent the printing from being discernible from the back. All ballots shall be printed in easily readable type with suitable lines dividing candidates, offices, instructions and other matter printed on ballots. ~~The name of each candidate shall be printed in capital letters.~~ The same type shall be used for the names of all candidates on the same ballot.

Sec. 22. Minnesota Statutes 2014, section 204B.36, subdivision 2, is amended to read:

Subd. 2. **Candidates and offices.** The name of each candidate shall be printed at a right angle to the length of the ballot. At a general election the name of the political party or the political principle of each candidate for partisan office shall be printed above or below the name of the candidate. The name of a political party or a political principle shall be printed in capital and lowercase letters of the same type, with the capital letters at least one-half the height of the capital letters used for names of the candidates. At a general election, blank lines containing the words "write-in, if any" shall be printed below the name of the last candidate for each office, or below the title of the office if no candidate has filed for that office, so that a voter may write in the names of individuals whose names are not on the ballot. One blank line shall be printed for each officer of that kind to be elected. At a primary election, no blank lines shall be provided for writing in the names of individuals whose names do not appear on the primary ballot.

On the left side of the ballot at the same level with the name of each candidate and each blank line shall be printed ~~a square~~ an oval or similar target shape in which the voter may designate a vote by ~~a mark (X) filling in the oval or similar mark~~ if a different target shape is used. Each square shall be the same size. Above the first name on each ballot shall be printed the words, "Put an (X) in the square opposite the name of each candidate you wish to vote for." ~~At the same level with these words and directly above the squares shall be printed a small arrow pointing downward~~ instructions for voting. Directly underneath the official title of each office shall be printed the words "Vote for one" or "Vote for up to ..." (any greater number to be elected).

Sec. 23. Minnesota Statutes 2014, section 204B.36, subdivision 3, is amended to read:

Subd. 3. **Question; form of ballot.** When a question is to be submitted to a vote, a concise statement of the nature of the question shall be printed on the ballot. The words, "**YES**" "Yes" and "**NO**" "No" shall be printed to the left of this statement, with ~~a square~~ an oval or similar target shape to the left of each word so that the voter may indicate by a mark (X) either a negative or affirmative vote. The ballot shall include instructions directing the voter to ~~put an (X) in the square~~ fill in the oval or similar mark if a different target shape is used before the word "**YES**" "Yes" if the voter desires to vote for the question, or to ~~put an (X) fill in the oval or similar mark if a different target shape is used~~ before the word "**NO**" "No" if the voter desires to vote against the question.

Sec. 24. Minnesota Statutes 2014, section 204B.36, subdivision 4, is amended to read:

Subd. 4. **Judicial candidates.** The official ballot shall contain the names of all candidates for each judicial office and shall state the number of those candidates for whom a voter may vote. Each seat for an associate justice, associate judge, or judge of the district court must be numbered. The words "~~SUPREME COURT,~~" "~~COURT OF APPEALS,~~" "Supreme Court," "Court of Appeals," and "~~(number) DISTRICT COURT~~" "(number) District Court" must be printed above the respective judicial office groups on the ballot. The title of each judicial office shall be printed on the official primary and general election ballot as follows:

(a) In the case of the Supreme Court:

"Chief justice";

"Associate justice (number)";

(b) In the case of the Court of Appeals:

"Judge (number)"; or

(c) In the case of the district court:

"Judge (number)."

Sec. 25. Minnesota Statutes 2014, section 204B.44, is amended to read:

204B.44 ERRORS AND OMISSIONS; REMEDY.

Any individual may file a petition in the manner provided in this section for the correction of any of the following errors, omissions, or wrongful acts which have occurred or are about to occur:

(a) an error or omission in the placement or printing of the name or description of any candidate or any question on any official ballot, including the placement of a candidate on the official ballot who is not eligible to hold the office for which the candidate has filed;

(b) any other error in preparing or printing any official ballot;

(c) failure of the chair or secretary of the proper committee of a major political party to execute or file a certificate of nomination;

(d) any wrongful act, omission, or error of any election judge, municipal clerk, county auditor, canvassing board or any of its members, the secretary of state, or any other individual charged with any duty concerning an election.

The petition shall describe the error, omission, or wrongful act and the correction sought by the petitioner. The petition shall be filed with any judge of the Supreme Court in the case of an election for state or federal office or any judge of the district court in that county in the case of an election for county, municipal, or school district office. The petitioner shall serve a copy of the petition on the officer, board or individual charged with the error, omission, or wrongful act, on all candidates for the office in the case of an election for state, federal, county, municipal, or school district office, and on any other party as required by the court. Upon receipt of the petition the court shall immediately set a time for a hearing on the matter and order the officer, board or individual charged with the error, omission or wrongful act to correct the error or wrongful act or perform the duty or show cause for not doing so. In

the case of a review of a candidate's eligibility to hold office, the court may order the candidate to appear and present sufficient evidence of the candidate's eligibility. The court shall issue its findings and a final order for appropriate relief as soon as possible after the hearing. Failure to obey the order is contempt of court.

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

Sec. 26. Minnesota Statutes 2014, section 204B.45, subdivision 2, is amended to read:

Subd. 2. **Procedure.** Notice of the election and the special mail procedure must be given at least ten weeks prior to the election. Not more than 46 days nor later than 14 days before a regularly scheduled election and not more than 30 days nor later than 14 days before any other election, the auditor shall mail ballots by nonforwardable mail to all voters registered in the town or unorganized territory. No later than 14 days before the election, the auditor must make a subsequent mailing of ballots to those voters who register to vote after the initial mailing but before the 20th day before the election. Eligible voters not registered at the time the ballots are mailed may apply for ballots as provided in chapter 203B. Ballot return envelopes, with return postage provided, must be preaddressed to the auditor or clerk and the voter may return the ballot by mail or in person to the office of the auditor or clerk. The auditor or clerk must appoint a ballot board to examine the mail and absentee ballot return envelopes and mark them "accepted" or "rejected" within three days of receipt if there are 14 or fewer days before election day, or within five days of receipt if there are more than 14 days before election day. The board may consist of deputy county auditors or deputy municipal clerks who have received training in the processing and counting of mail ballots, who need not be affiliated with a major political party. Election judges performing the duties in this section must be of different major political parties, unless they are exempt from that requirement under section 205.075, subdivision 4, or section 205A.10. If an envelope has been rejected at least five days before the election, the ballots in the envelope must remain sealed and the auditor or clerk shall provide the voter with a replacement ballot and return envelope in place of the spoiled ballot. If the ballot is rejected within five days of the election, the envelope must remain sealed and the official in charge of the ballot board must attempt to contact the voter by telephone or e-mail to notify the voter that the voter's ballot has been rejected. The official must document the attempts made to contact the voter.

If the ballot is accepted, the county auditor or municipal clerk must mark the roster to indicate that the voter has already cast a ballot in that election. After the close of business on the ~~fourth~~ seventh day before the election, the ballots from return envelopes marked "Accepted" may be opened, duplicated as needed in the manner provided by section 206.86, subdivision 5, initialed by the members of the ballot board, and deposited in the ballot box.

In all other respects, the provisions of the Minnesota Election Law governing deposit and counting of ballots apply.

The mail and absentee ballots for a precinct must be counted together and reported as one vote total. No vote totals from mail or absentee ballots may be made public before the close of voting on election day.

The costs of the mailing shall be paid by the election jurisdiction in which the voter resides. Any ballot received by 8:00 p.m. on the day of the election must be counted.

Sec. 27. Minnesota Statutes 2014, section 204C.04, subdivision 2, is amended to read:

Subd. 2. **Elections covered.** For purposes of this section, "election" means a regularly scheduled ~~state primary or general~~ election, an election to fill a vacancy in the office of United States senator or United States representative, an election to fill a vacancy in nomination for a constitutional office, or an election to fill a vacancy in the office of state senator or state representative.

Sec. 28. Minnesota Statutes 2014, section 204C.08, subdivision 1d, is amended to read:

Subd. 1d. **Voter's Bill of Rights.** The county auditor shall prepare and provide to each polling place sufficient copies of a poster setting forth the Voter's Bill of Rights as set forth in this section. Before the hours of voting are scheduled to begin, the election judges shall post it in a conspicuous location or locations in the polling place. The Voter's Bill of Rights is as follows:

"VOTER'S BILL OF RIGHTS

For all persons residing in this state who meet federal voting eligibility requirements:

(1) You have the right to be absent from work for the purpose of voting in a state ~~or~~, federal, or regularly scheduled election without reduction to your pay, personal leave, or vacation time on election day for the time necessary to appear at your polling place, cast a ballot, and return to work.

(2) If you are in line at your polling place any time before 8:00 p.m., you have the right to vote.

(3) If you can provide the required proof of residence, you have the right to register to vote and to vote on election day.

(4) If you are unable to sign your name, you have the right to orally confirm your identity with an election judge and to direct another person to sign your name for you.

(5) You have the right to request special assistance when voting.

(6) If you need assistance, you may be accompanied into the voting booth by a person of your choice, except by an agent of your employer or union or a candidate.

(7) You have the right to bring your minor children into the polling place and into the voting booth with you.

(8) If you have been convicted of a felony but your felony sentence has expired (been completed) or you have been discharged from your sentence, you have the right to vote.

(9) If you are under a guardianship, you have the right to vote, unless the court order revokes your right to vote.

(10) You have the right to vote without anyone in the polling place trying to influence your vote.

(11) If you make a mistake or spoil your ballot before it is submitted, you have the right to receive a replacement ballot and vote.

(12) You have the right to file a written complaint at your polling place if you are dissatisfied with the way an election is being run.

(13) You have the right to take a sample ballot into the voting booth with you.

(14) You have the right to take a copy of this Voter's Bill of Rights into the voting booth with you."

Sec. 29. Minnesota Statutes 2014, section 204C.13, subdivision 2, is amended to read:

Subd. 2. **Voting booths.** One of the election judges shall explain to the voter the proper method of marking ~~and folding~~ the ballots and, during a primary election, the effect of attempting to vote in more than one party's primary. Except as otherwise provided in section 204C.15, the voter shall retire alone to an unoccupied voting booth or, at the

voter's discretion, the voter may choose to use another writing surface. The voter shall mark the ballots without undue delay. The voter may take sample ballots into the booth to assist in voting. The election judges may adopt and enforce reasonable rules governing the amount of time a voter may spend in the voting booth marking ballots.

Sec. 30. Minnesota Statutes 2014, section 204C.13, subdivision 3, is amended to read:

Subd. 3. **Marking ballots.** The voter shall mark each ballot in the following manner:

(a) ~~A mark (X) shall be placed in the square~~ The voter shall fill in the oval or similar mark if a different target shape is used, opposite the printed name of each candidate for whom the individual desires to vote, and in the ~~square oval or other target shape~~ before the "~~YES~~" "Yes" or "~~NO~~" "No" if the individual desires to vote for or against a question.

(b) The voter may write in other names on the lines provided under the printed names of the candidates, except that no names shall be written in on primary ballots.

(c) At a state primary an individual may vote for candidates of only one major political party on the partisan primary ballot. If a partisan primary ballot contains votes for the candidates of more than one major political party, the ballot is totally defective and no vote on the partisan section of the ballot shall be counted.

(d) An individual who spoils a ballot may return it to the election judges and receive another.

Sec. 31. Minnesota Statutes 2014, section 204C.13, subdivision 5, is amended to read:

Subd. 5. **Deposit of ballots in ballot boxes** ~~box.~~ The voter shall then withdraw from the voting booth with the ballots and ~~hand them to the election judge in charge of the ballot boxes.~~ ~~That election judge shall~~ immediately deposit each ballot in the proper ballot box. Ballots that have not been initialed by the election judges as provided in section 204C.09, shall not be deposited in the ballot box.

Sec. 32. Minnesota Statutes 2014, section 204C.22, subdivision 3, is amended to read:

Subd. 3. **Votes for too many candidates.** If a voter places a mark (~~X~~) beside the names of more candidates for an office than are to be elected or nominated, the ballot is defective with respect only to that office. No vote shall be counted for any candidate for that office, but the rest of the ballot shall be counted if possible. At a primary, if a voter has not indicated a party preference and places a mark (~~X~~) beside the names of candidates of more than one party on the partisan ballot, the ballot is totally defective and no votes on it shall be counted. If a voter has indicated a party preference at a primary, only votes cast for candidates of that party shall be counted.

Sec. 33. Minnesota Statutes 2014, section 204C.22, subdivision 4, is amended to read:

Subd. 4. **Name written in proper place.** If a voter has written the name of an individual in the proper place on a general or special election ballot a vote shall be counted for that individual whether or not the voter makes a mark (~~X~~) in the square oval or other target shape opposite the blank.

Sec. 34. Minnesota Statutes 2014, section 204C.22, subdivision 7, is amended to read:

Subd. 7. **All written names or marks counted up to limit.** If a number of individuals are to be elected to the same office, the election judges shall count all names written in and all printed names with (~~X~~) marks in squares ovals or other target shapes opposite them, not exceeding the whole number to be elected. When fewer names than the number to be elected are marked ~~with an (X)~~ or written in, only the marked or written in names shall be counted. When more names than the number to be elected are marked or written in, the ballot is defective with respect to that office and no vote shall be counted for that office.

Sec. 35. Minnesota Statutes 2014, section 204C.22, subdivision 10, is amended to read:

Subd. 10. **Different marks.** If a voter uniformly uses a mark ~~other than (X) which~~ that clearly indicates an intent to mark a name or to mark yes or no on a question, and the voter does not use ~~(X) the more standard mark~~ anywhere else on the ballot, a vote shall be counted for each candidate or response to a question marked. If a voter uses two or more distinct marks, such as (X) and some other mark, a vote shall be counted for each candidate or response to a question marked, unless the ballot is marked by distinguishing characteristics that make the entire ballot defective as provided in subdivision 13.

Sec. 36. Minnesota Statutes 2014, section 204C.35, subdivision 1, is amended to read:

Subdivision 1. **Publicly funded recounts.** (a) In a state primary when the difference between the votes cast for the candidates for nomination to:

(1) a state legislative office is less than one-half of one percent of the total number of votes counted for that nomination or is ten votes or less and the total number of votes cast for the nomination is 400 votes or less; or

(2) a statewide federal office, state constitutional office, statewide judicial office, congressional office, or district judicial office is less than one-quarter of one percent of the total number of votes counted for that nomination or is ten votes or less and the total number of votes cast for the nomination is 400 votes or less;

and the difference determines the nomination, the canvassing board with responsibility for declaring the results for that office shall manually recount the vote upon receiving a written request from the candidate whose nomination is in question.

Immediately following the meeting of the board that has responsibility for canvassing the results of the nomination, the filing officer must notify the candidate that the candidate has the option to request a recount of the votes at no cost to the candidate. This written request must be received by the filing officer no later than ~~48 hours~~ 5:00 p.m. on the second day after the canvass of the primary for which the recount is being sought.

(b) In a state general election when the difference between the votes of a candidate who would otherwise be declared elected to:

(1) a state legislative office is less than one-half of one percent of the total number of votes counted for that office or is ten votes or less and the total number of votes cast for the office is 400 votes or less; or

(2) a statewide federal office, state constitutional office, statewide judicial office, congressional office, or district judicial office and the votes of any other candidate for that office is less than one-quarter of one percent of the total number of votes counted for that office or is ten votes or less if the total number of votes cast for the office is 400 votes or less,

the canvassing board shall manually recount the votes upon receiving a written request from the candidate whose election is in question.

Immediately following the meeting of the board that has responsibility for canvassing the results of the general election, the filing officer must notify the candidate that the candidate has the option to request a recount of the votes at no cost to the candidate. This written request must be received by the filing officer no later than ~~48 hours~~ 5:00 p.m. on the second day after the canvass of the election for which the recount is being sought.

(c) A recount must not delay any other part of the canvass. The results of the recount must be certified by the canvassing board as soon as possible.

(d) Time for notice of a contest for an office which is recounted pursuant to this section shall begin to run upon certification of the results of the recount by the canvassing board.

Sec. 37. Minnesota Statutes 2014, section 204C.35, subdivision 2, is amended to read:

Subd. 2. **Discretionary candidate recounts.** (a) A losing candidate whose name was on the ballot for nomination or election to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or district judicial office may request a recount in a manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by this section. The votes shall be manually recounted as provided in this section if the candidate files a request during the time for filing notice of contest of the primary or election for which a recount is sought.

(b) The requesting candidate shall file with the filing officer a bond, cash, or surety in an amount set by the filing officer for the payment of the recount expenses. The requesting candidate is responsible for the following expenses: the compensation of the secretary of state, or designees, and any election judge, municipal clerk, county auditor, administrator, or other personnel who participate in the recount; necessary supplies and travel related to the recount; the compensation of the appropriate canvassing board and costs of preparing for the canvass of recount results; and any attorney fees incurred in connection with the recount by the governing body responsible for the recount.

(c) A discretionary recount of a primary must not delay delivery of the notice of nomination to the winning candidate under section 204C.32.

(d) The requesting candidate may provide the filing officer with a list of up to three precincts that are to be recounted first and may waive the balance of the recount after these precincts have been counted. If the candidate provides a list, the recount official must determine the expenses for those precincts in the manner provided by paragraph (b).

(e) The results of the recount must be certified by the canvassing board as soon as possible.

~~(d)~~ (f) If the winner of the race is changed by the optional recount, the cost of the recount must be paid by the jurisdiction conducting the recount.

~~(e)~~ (g) If a result of the vote counting in the manual recount is different from the result of the vote counting reported on election day by a margin greater than the standard for acceptable performance of voting systems provided in section 206.89, subdivision 4, the cost of the recount must be paid by the jurisdiction conducting the recount.

Sec. 38. Minnesota Statutes 2014, section 204C.36, subdivision 1, is amended to read:

Subdivision 1. **Publicly funded recounts.** (a) Except as provided in paragraphs (b) and (c), a losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for the nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is less than one-quarter of one percent of the total votes counted for that office. In case of offices where two or more seats are being filled from among all the candidates for the office, the one-quarter of one percent difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(b) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for nomination or election to that office if the difference between the votes cast for that candidate and for a winning candidate for nomination or election is less than one-half of one percent, and the total number of votes cast for the nomination or election of all candidates is more than 400 but less than 50,000. In cases of offices where two or more seats are being filled from among all the candidates for the office, the one-half of one percent difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(c) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is ten votes or less, and the total number of votes cast for the nomination or election of all candidates is no more than 400. In cases of offices where two or more seats are being filled from among all the candidates for the office, the ten vote difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(d) Candidates for county offices shall file a written request for the recount with the county auditor. Candidates for municipal or school district offices shall file a written request with the municipal or school district clerk as appropriate. All requests shall be filed ~~during the time for notice of contest of the primary or~~ by 5:00 p.m. on the fifth day after the canvass of a primary or special primary or by 5:00 p.m. on the seventh day of the canvass of a special or general election for which a recount is sought.

(e) Upon receipt of a request made pursuant to this section, the county auditor shall recount the votes for a county office at the expense of the county, the governing body of the municipality shall recount the votes for a municipal office at the expense of the municipality, and the school board of the school district shall recount the votes for a school district office at the expense of the school district.

Sec. 39. Minnesota Statutes 2014, section 204C.36, subdivision 2, is amended to read:

Subd. 2. **Discretionary candidate recounts.** (a) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount in the manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by subdivision 1, paragraphs (a) to (e). The votes shall be manually recounted as provided in this section if the requesting candidate files with the county auditor, municipal clerk, or school district clerk a bond, cash, or surety in an amount set by the governing body of the jurisdiction or the school board of the school district for the payment of the recount expenses.

(b) The requesting candidate may provide the filing officer with a list of up to three precincts that are to be recounted first and may waive the balance of the recount after these precincts have been counted. If the candidate provides a list, the recount official must determine the expenses for those precincts in the manner provided by paragraph (b).

(c) A discretionary recount of a primary must not delay delivery of the notice of nomination to the winning candidate under section 204C.32.

(d) The results of the recount must be certified by the canvassing board as soon as possible.

(e) If the winner of the race is changed by the optional recount, the cost of the recount must be paid by the jurisdiction conducting the recount.

~~(f) If a result of the vote counting in the manual recount is different from the result of the vote counting reported on election day by a margin greater than the standard for acceptable performance of voting systems provided in section 206.89, subdivision 4, the cost of the recount must be paid by the jurisdiction conducting the recount.~~

Sec. 40. Minnesota Statutes 2014, section 204C.40, subdivision 2, is amended to read:

Subd. 2. **Time of issuance; certain offices.** No certificate of election shall be issued until seven days after the canvassing board has declared the result of the election. ~~In case of a contest, an election certificate shall not be issued until a court of proper jurisdiction has finally determined the contest. This subdivision shall not apply to candidates elected to the office of state senator or representative.~~

Sec. 41. Minnesota Statutes 2014, section 204D.27, subdivision 11, is amended to read:

Subd. 11. **Certificate of legislative election.** A certificate of election in a special election for state senator or state representative shall be issued by the secretary of state to the ~~individual declared elected by the county or state canvassing board~~ chief clerk of the house or the secretary of the senate two days, excluding Sundays and legal holidays, after the appropriate canvassing board finishes canvassing the returns for the election.

In case of a contest the certificate shall not be issued until the district court determines the contest.

Sec. 42. Minnesota Statutes 2014, section 205.13, subdivision 3, is amended to read:

Subd. 3. **Filing fees.** Unless ~~the~~ a charter provision or ordinance of a home rule charter or statutory city provides the amount of the fee for filing an application or affidavit of candidacy for city office, the filing fee for a municipal office is as follows:

- (a) (1) in first class cities, \$20;
- (b) (2) in second and third class cities, \$5; and
- (c) (3) in fourth class cities and towns, \$2.

Sec. 43. Minnesota Statutes 2014, section 206.90, subdivision 6, is amended to read:

Subd. 6. **Ballots.** In precincts using optical scan voting systems, a single ballot card on which all ballot information is included must be printed in black ink on white colored material except that marks not to be read by the automatic tabulating equipment may be printed in another color ink. In state elections, a single ballot title must be used, as provided in sections 204D.08, subdivision 6, and 204D.11, subdivision 1. In odd-numbered years when both municipal and school district offices or questions appear on the ballot, the single ballot title "City (or Town) and School District Ballot" must be used.

On the front of the ballot must be printed the words "Official Ballot" and the date of the election and lines for the initials of at least two election judges.

When optical scan ballots are used, the offices to be elected must appear in the following order: federal offices; state legislative offices; constitutional offices; proposed constitutional amendments; county offices and questions; municipal offices and questions; school district offices and questions; special district offices and questions; and judicial offices.

On optical scan ballots, the names of candidates and the words "yes" and "no" for ballot questions must be printed as close to their corresponding vote targets as possible.

The line on an optical scan ballot for write-in votes must contain the words "write-in, if any."

If a primary ballot contains both a partisan ballot and a nonpartisan ballot, the instructions to voters must include a statement that reads substantially as follows: ~~"THIS BALLOT CARD CONTAINS A PARTISAN BALLOT AND A NONPARTISAN BALLOT. ON THE PARTISAN BALLOT YOU ARE PERMITTED TO VOTE FOR CANDIDATES OF ONE POLITICAL PARTY ONLY."~~ "This ballot card contains a partisan ballot and a nonpartisan ballot. On the partisan ballot you are permitted to vote for candidates of one political party only." If a primary ballot contains political party columns on both sides of the ballot, the instructions to voters must include a statement that reads substantially as follows: ~~"ADDITIONAL POLITICAL PARTIES ARE PRINTED ON THE OTHER SIDE OF THIS BALLOT. VOTE FOR ONE POLITICAL PARTY ONLY."~~ "Additional political parties

are printed on the other side of this ballot. Vote for one political party only." At the bottom of each political party column on the primary ballot, the ballot must contain a statement that reads substantially as follows: "~~CONTINUE VOTING ON THE NONPARTISAN BALLOT.~~" "Continue voting on the nonpartisan ballot." The instructions in section 204D.08, subdivision 4, do not apply to optical scan partisan primary ballots. Electronic ballot displays and audio ballot readers must follow the order of offices and questions on the optical scan or paper ballot used in the same precinct, or the sample ballot posted for that precinct.

Sec. 44. Minnesota Statutes 2014, section 209.021, subdivision 2, is amended to read:

Subd. 2. **Notice filed with court.** If the contest relates to a nomination or election for statewide office, the contestant shall file the notice of contest with the court administrator of District Court in Ramsey County. For contests relating to any other office, the contestant shall file the notice of contest with the court administrator of district court in the county where the contestee resides.

If the contest relates to a constitutional amendment ~~or other question voted on statewide~~, the contestant shall file the notice of contest with the court administrator of District Court in Ramsey County. If the contest relates to any other question, the contestant shall file the notice of contest with the court administrator of district court for the county or any one of the counties where the question appeared on the ballot.

Sec. 45. Minnesota Statutes 2014, section 209.021, subdivision 3, is amended to read:

Subd. 3. **Notice served on parties.** In all contests relating to the nomination or election of a candidate, the notice of contest must be served on the candidate who is the contestee, a copy of the notice must be sent to the contestee's last known address by certified mail, and a copy must be furnished to the official authorized to issue the certificate of election. If personal or substituted service on the contestee cannot be made, an affidavit of the attempt by the person attempting to make service and the affidavit of the person who sent a copy of the notice to the contestee by certified mail is sufficient to confer jurisdiction upon the court to decide the contest.

If the contest relates to a constitutional amendment ~~or other question voted on statewide or voted on in more than one county~~, notice of contest must be served on the secretary of state, who is the contestee. If a contest relates to a question voted on within only one county, school district, or municipality, a copy of the notice of contest must be served on the county auditor, clerk of the school district, or municipal clerk, respectively, who is the contestee. If the contest is upon the question of consolidation or reorganization of a school district, a copy of the notice of contest must be served on the county auditor authorized by law to issue the order.

Sec. 46. Minnesota Statutes 2014, section 209.09, subdivision 2, is amended to read:

Subd. 2. **Statewide offices and questions.** Section 209.10, subdivision 4, applies to a contest regarding a statewide office, or a constitutional amendment, ~~or other question voted on statewide~~. A copy of the Supreme Court's decision must be forwarded to the contestant and the contestee.

Sec. 47. Minnesota Statutes 2014, section 365.22, subdivision 2, is amended to read:

Subd. 2. **Questions, ballot details.** The questions to be voted on must be separately stated on the ballots, as worded in section 365.21. Two ~~squares~~ ovals or similar target shapes, one above the other, must be put just below each question with the word "yes" beside the upper ~~square~~ target shape and the word "no" beside the lower ~~square~~ target shape.

Sec. 48. Minnesota Statutes 2014, section 365.22, subdivision 3, is amended to read:

Subd. 3. **Voting.** An elector must vote separately on each question for the elector's vote to be counted on that question. To vote "yes" on a question, the elector shall ~~mark an "X" in the square~~ fill in the oval or similar target shape beside the word "yes" just below the question. To vote "no" on a question, the elector shall ~~mark an "X" in the square~~ fill in the oval or similar target shape beside the word "no" just below the question.

Sec. 49. Minnesota Statutes 2014, section 367.31, subdivision 4, is amended to read:

Subd. 4. **Election; form of ballot.** The proposals for adoption of the options shall be stated on the ballot substantially as follows:

"Shall option A, providing for a five-member town board of supervisors, be adopted for the government of the town?"

"Shall option B, providing for the appointment of the clerk and treasurer by the town board, be adopted for the government of the town?"

"Shall option C, providing for the appointment of a town administrator by the town board, be adopted for the government of the town?"

"Shall option D, providing for combining the offices of clerk and treasurer, be adopted for the government of the town?"

If a proposal under option B is to appoint only the clerk or only the treasurer, or if it is to appoint the combined clerk-treasurer following the adoption of option D or when submitted simultaneously with the ballot question for option D, the ballot question shall be varied to read appropriately. If an option B ballot question is submitted for the combined clerk-treasurer office at the same election in which option D is also on the ballot, the ballot must note that the approval of option B is contingent on the simultaneous approval of option D. In any of these cases, the question shall be followed by the words "Yes" and "No" with an appropriate ~~square~~ oval or similar target shape before each in which an elector may record a choice.

Sec. 50. Minnesota Statutes 2014, section 368.85, subdivision 4, is amended to read:

Subd. 4. **Ballot.** The town board shall provide ballots which shall read "Shall the territory described in the resolution adopted by the town board on the day of,, constitute a special fire protection district?" The question shall be followed with a line with the word "Yes" and ~~a square~~ an oval or similar target shape after it and another line with the word "No" and ~~a square~~ an oval or similar target shape after it. The voters shall indicate their choice by placing a ~~cross~~ mark in one of the ~~squares~~ target shapes, and a direction to so indicate their choice shall be printed on the ballot.

Sec. 51. Minnesota Statutes 2014, section 376.04, is amended to read:

376.04 ELECTION, SEPARATE BALLOT.

The question of purchasing and constructing hospital buildings shall be submitted to the voters of any county at a general election ~~and placed upon a separate ballot~~. This election must be called by a resolution of the county board. The resolution must state the time of the election, that a county hospital is proposed to be established, the proposed location, and the cost, including equipment, for not more than the amount stated in the resolution. When the resolutions are passed, the county auditor shall immediately notify each town or city clerk in the county that the question of constructing hospital buildings will be voted upon at the time stated in the resolution, in the manner provided under the state election laws.

The ballot must be in the following form:

"For the purchase and construction of hospital buildings, including equipment, to be located at (state location), at a cost not more than (state amount), pursuant to the resolution of the board of county commissioners passed (state date).

Yes

No"

To the left of each of the last two words, "yes" and "no," shall be ~~followed by a square in which the voter may indicate by a mark (X) either a negative or affirmative vote~~ printed an oval or similar target shape so that the voter may indicate by a mark either a negative or affirmative vote. These votes shall be cast in the same manner as votes cast at the general election and counted by the same officers. Returns must be made to the county auditor, and canvassed in the same manner as the returns on county officers.

Sec. 52. Minnesota Statutes 2014, section 412.551, subdivision 2, is amended to read:

Subd. 2. **Form of ballot.** The proposals for the adoption of optional plans shall be stated on the ballot substantially as follows:

"Shall Optional Plan A, modifying the standard plan of city government by providing for the appointment by the council of the clerk and treasurer be adopted for the government of the city?"

"Shall Optional Plan B, providing for the council-manager form of city government, be adopted for the government of the city?"

If the city has combined the offices of clerk and treasurer, the word "clerk-treasurer" shall be substituted for the words "clerk and treasurer" in the question on the ballot on adoption of Optional Plan A. In any of these cases, the question shall be followed by the words, "Yes" and "No" with an ~~appropriate square before each in which a voter may record a choice~~ oval or similar target shape to the left of each word so that the voter may indicate by a mark either a negative or affirmative vote.

Sec. 53. **REPEALER.**

Minnesota Statutes 2014, sections 204C.13, subdivision 4; 204C.30, subdivision 1; and 383A.555, are repealed.

ARTICLE 2 MILITARY AND OVERSEAS ABSENTEE VOTING

Section 1. Minnesota Statutes 2014, section 203B.01, subdivision 3, is amended to read:

Subd. 3. **Military.** "Military" means the Army, Navy, Air Force, Marine Corps, Coast Guard or Merchant Marine of the United States, ~~and~~ all other uniformed services as defined in United States Code, title 42, ~~section 1973ff 6 52, section 20310, and military forces as defined by section 190.05, subdivision 3.~~

Sec. 2. Minnesota Statutes 2014, section 203B.16, subdivision 1, is amended to read:

Subdivision 1. **Military service; temporary residence outside United States.** Sections 203B.16 to 203B.27 provide alternative voting procedures for eligible voters who are absent from the precinct where they maintain residence because they are:

- (1) either in the military or the spouses or dependents of individuals serving in the military; or
- (2) temporarily outside the territorial limits of the United States.

Sections 203B.16 to 203B.27 are intended to implement the federal Uniformed and Overseas Citizens Absentee Voting Act, United States Code, title 42, ~~section 1973ff~~ 52, sections 20301 to 20310.

Sec. 3. Minnesota Statutes 2014, section 203B.16, subdivision 2, is amended to read:

Subd. 2. **Indefinite residence outside United States.** Sections 203B.16 to 203B.27 provide the exclusive voting procedure for United States citizens who are living indefinitely outside the territorial limits of the United States who meet all the qualifications of an eligible voter except residence in Minnesota, but who are authorized by federal law to vote in Minnesota because they or, if they have never resided in the United States, a parent maintained residence in Minnesota for at least 20 days immediately prior to their departure from the United States. Individuals described in this subdivision shall be permitted to vote only for the offices of president, vice-president, senator in Congress, and representative in Congress.

Sec. 4. Minnesota Statutes 2014, section 203B.17, subdivision 1, is amended to read:

Subdivision 1. **Submission of application.** (a) An application for absentee ballots for a voter described in section 203B.16 must be in writing and may be submitted in person, by mail, by electronic facsimile device, by electronic mail, or electronically through a secure Web site that shall be maintained by the secretary of state for this purpose, upon determination by the secretary of state that security concerns have been adequately addressed. An application for absentee ballots for a voter described in section 203B.16 may be submitted by that voter or by that voter's parent, spouse, sister, brother, or child over the age of 18 years. ~~For purposes of an application under this subdivision, a person's Social Security number, no matter how it is designated, qualifies as the person's military identification number if the person is in the military.~~

(b) An application for a voter described in section 203B.16, subdivision 1, shall be submitted to the county auditor of the county where the voter maintains residence or through the secure Web site maintained by the secretary of state.

(c) An application for a voter described in section 203B.16, subdivision 2, shall be submitted to the county auditor of the county where the voter or the voter's parent last maintained residence in Minnesota or through the secure Web site maintained by the secretary of state.

(d) An application for absentee ballots shall be valid for any primary, special primary, general election, or special election from the time the application is received through the end of that calendar year.

(e) There shall be no limitation of time for filing and receiving applications for ballots under sections 203B.16 to 203B.27.

Sec. 5. Minnesota Statutes 2014, section 203B.17, subdivision 2, is amended to read:

Subd. 2. **Required information.** An application shall be accepted if it contains the following information stated under oath:

(a) the voter's name, birthdate, and present address of residence in Minnesota, or former address of residence or parent's former address of residence in Minnesota if the voter is living permanently outside the United States;

(b) a statement indicating that the voter is in the military, or is the spouse or dependent of an individual serving in the military, or is temporarily outside the territorial limits of the United States, or is living permanently outside the territorial limits of the United States and voting under federal law;

(c) a statement that the voter expects to be absent from the precinct at the time of the election;

(d) the address to which absentee ballots are to be mailed;

(e) the voter's signature or the signature and relationship of the individual authorized to apply on the voter's behalf;

(f) the voter's passport number, Minnesota driver's license or state identification card number, or the last four digits of the voter's Social Security number; if the voter does not have access to any of these documents, the voter or other individual requesting absentee ballots may attest to the truthfulness of the contents of the application under penalty of perjury; and

(g) the voter's e-mail address, if the application was submitted electronically through the secure Web site maintained by the secretary of state.

Notwithstanding paragraph (f), an application submitted through the secretary of state's Web site must include the voter's verifiable Minnesota driver's license number, Minnesota state identification card number, or the last four digits of the voter's Social Security number, and may only be transmitted to the county auditor for processing if the secretary of state has verified the application information matches the information in a government database associated with the applicant's driver's license number, state identification card number, or Social Security number. The secretary of state must review all unverifiable applications for evidence of suspicious activity and must forward any such application to an appropriate law enforcement agency for investigation.

Sec. 6. Minnesota Statutes 2014, section 204D.11, subdivision 4, is amended to read:

Subd. 4. **Special federal ballot.** (a) The names of all candidates for the offices of president and vice-president of the United States and senator and representative in Congress shall be placed on a ballot that shall be known as the "special federal ballot."

(b) This ballot shall be prepared by the county auditor in the same manner as the state general election ballot and shall be subject to the rules adopted by the secretary of state pursuant to subdivision 1. This ballot must be prepared and furnished in accordance with the federal Uniformed and Overseas Citizens Absentee Voting Act, United States Code, title 42, ~~section 1973ff~~ section 52, sections 20301 to 20310.

(c) The special federal ballot shall be the only ballot sent to citizens of the United States who are eligible to vote by absentee ballot for federal candidates in Minnesota.

ARTICLE 3 UNIFORM FAITHFUL PRESIDENTIAL ELECTORS ACT

Section 1. Minnesota Statutes 2014, section 204B.07, subdivision 2, is amended to read:

Subd. 2. **Petitions for presidential electors and alternates.** This subdivision does not apply to candidates for presidential elector or alternate nominated by major political parties. Major party candidates for presidential elector or alternate are certified under section 208.03. Other presidential electors or alternates are nominated by petition pursuant to this section. On petitions nominating presidential electors or alternates, the names of the candidates for president and vice-president shall be added to the political party or political principle stated on the petition. One petition may be filed to nominate a slate of presidential electors equal in number to the number of electors to which the state is entitled and an alternate for each elector nominee.

Sec. 2. Minnesota Statutes 2014, section 208.02, is amended to read:

208.02 ELECTION OF PRESIDENTIAL ELECTORS AND ALTERNATES.

Presidential electors and alternates shall be chosen at the state general election held in the year preceding the expiration of the term of the president of the United States.

Sec. 3. Minnesota Statutes 2014, section 208.03, is amended to read:

208.03 NOMINATION OF PRESIDENTIAL ELECTORS AND ALTERNATES.

Presidential electors and alternates for the major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of the parties of this state. At least 71 days before the general election day the chair of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors, the names of ~~eight persons nominated~~ as alternate presidential electors, and the names of the party candidates for president and vice president. The chair shall also certify that the party candidates for president and vice president have no affidavit on file as a candidate for any office in this state at the ensuing general election.

Sec. 4. Minnesota Statutes 2014, section 208.06, is amended to read:

208.06 ELECTORS AND ALTERNATES TO MEET AT STATE CAPITOL; ~~FILLING OF VACANCIES.~~

The presidential electors and alternate presidential electors, before 12:00 M. on the day before that fixed by Congress for the electors to vote for president and vice president of the United States, shall notify the governor that they are at the State Capitol and ready at the proper time to fulfill their duties as electors. The governor shall deliver to the electors present a certificate of the names of all the electors. ~~If any elector named therein fails to appear before 9:00 a.m. on the day, and at the place, fixed for voting for president and vice president of the United States, an alternate, chosen from among the alternates by lot, shall be appointed to act for that elector. If more than eight alternates are necessary, the electors present shall, in the presence of the governor, immediately elect by ballot a person to fill the vacancy. If more than the number of persons required have the highest and an equal number of votes, the governor, in the presence of the electors attending, shall decide by lot which of those persons shall be elected~~ The electors shall meet at 12:00 p.m. in the executive chamber of the State Capitol and shall perform all the duties imposed upon them as electors by the Constitution and laws of the United States and this state in the manner provided in section 208.46.

Sec. 5. **[208.40] SHORT TITLE.**

Sections 208.40 to 208.48 may be cited as the "Uniform Faithful Presidential Electors Act."

Sec. 6. **[208.41] DEFINITIONS.**

(a) The definitions in this section apply to sections 208.40 to 208.48.

(b) "Cast" means accepted by the secretary of state in accordance with section 208.46, paragraph (b).

(c) "Elector" means an individual selected as a presidential elector under this chapter.

(d) "President" means the president of the United States.

(e) "Unaffiliated presidential candidate" means a candidate for president who qualifies for the general election ballot in this state by means other than nomination by a political party.

(f) "Vice president" means the vice president of the United States.

Sec. 7. [208.42] DESIGNATION OF STATE'S ELECTORS.

(a) For each elector position in this state, a political party contesting the position, or an unaffiliated presidential candidate, shall submit to the secretary of state the names of two qualified individuals. One of the individuals must be designated "elector nominee" and the other "alternate elector nominee."

(b) Except as otherwise provided in sections 208.44 to 208.47, this state's electors are the winning elector nominees under the laws of this state.

Sec. 8. [208.43] PLEDGE.

Each elector nominee and alternate elector nominee of a political party shall execute the following pledge: "If selected for the position of elector, I agree to serve and to mark my ballots for president and vice president for the nominees for those offices of the party that nominated me." Each elector nominee and alternate elector nominee of an unaffiliated presidential candidate shall execute the following pledge: "If selected for the position of elector as a nominee of an unaffiliated presidential candidate, I agree to serve and to mark my ballots for that candidate and for that candidate's vice presidential running mate." The executed pledges must accompany the submission of the corresponding names to the secretary of state.

Sec. 9. [208.44] CERTIFICATION OF ELECTORS.

In submitting this state's certificate of ascertainment as required by United States Code, title 3, section 6, the governor shall certify this state's electors and state in the certificate that:

(1) the electors will serve as electors unless a vacancy occurs in the office of elector before the end of the meeting at which elector votes are cast, in which case a substitute elector will fill the vacancy; and

(2) if a substitute elector is appointed to fill a vacancy, the governor will submit an amended certificate of ascertainment stating the names on the final list of this state's electors.

Sec. 10. [208.45] PRESIDING OFFICER; ELECTOR VACANCY.

(a) The secretary of state shall preside at the meeting of electors described in section 208.06.

(b) The position of an elector not present to vote is vacant. The secretary of state shall appoint an individual as a substitute elector to fill a vacancy as follows:

(1) if the alternate elector is present to vote, by appointing the alternate elector for the vacant position;

(2) if the alternate elector for the vacant position is not present to vote, by appointing an elector chosen by lot from among the alternate electors present to vote who were nominated by the same political party or unaffiliated presidential candidate;

(3) if the number of alternate electors present to vote is insufficient to fill any vacant position pursuant to clauses (1) and (2), by appointing any immediately available individual who is qualified to serve as an elector and chosen through nomination by a plurality vote of the remaining electors, including nomination and vote by a single elector if only one remains;

(4) if there is a tie between at least two nominees for substitute elector in a vote conducted under clause (3), by appointing an elector chosen by lot from among those nominees; or

(5) if all elector positions are vacant and cannot be filled pursuant to clauses (1) to (4), by appointing a single presidential elector, with remaining vacant positions to be filled under clause (3) and, if necessary, clause (4).

(c) To qualify as a substitute elector under paragraph (b), an individual who has not executed the pledge required under section 208.43 shall execute the following pledge: "I agree to serve and to mark my ballots for president and vice president consistent with the pledge of the individual to whose elector position I have succeeded."

Sec. 11. **[208.46] ELECTOR VOTING.**

(a) At the time designated for elector voting in section 208.06, and after all vacant positions have been filled under section 208.45, the secretary of state shall provide each elector with a presidential and a vice presidential ballot. The elector shall mark the elector's presidential and vice presidential ballots with the elector's votes for the offices of president and vice president, respectively, along with the elector's signature and the elector's legibly printed name.

(b) Except as otherwise provided by law of this state other than this chapter, each elector shall present both completed ballots to the secretary of state, who shall examine the ballots and accept as cast all ballots of electors whose votes are consistent with their pledges executed under section 208.43 or 208.45, paragraph (c). Except as otherwise provided by law of this state other than this chapter, the secretary of state may not accept and may not count either an elector's presidential or vice presidential ballot if the elector has not marked both ballots or has marked a ballot in violation of the elector's pledge.

(c) An elector who refuses to present a ballot, presents an unmarked ballot, or presents a ballot marked in violation of the elector's pledge executed under section 208.43 or 208.45, paragraph (c), vacates the office of elector, creating a vacant position to be filled under section 208.45.

(d) The secretary of state shall distribute ballots to and collect ballots from a substitute elector and repeat the process under this section of examining ballots, declaring and filling vacant positions as required, and recording appropriately completed ballots from the substituted electors, until all of this state's electoral votes have been cast and recorded.

Sec. 12. **[208.47] ELECTOR REPLACEMENT; ASSOCIATED CERTIFICATES.**

(a) After the vote of this state's electors is completed, if the final list of electors differs from any list that the governor previously included on a certificate of ascertainment prepared and transmitted under United States Code, title 3, section 6, the secretary of state immediately shall prepare an amended certificate of ascertainment and transmit it to the governor for the governor's signature.

(b) The governor immediately shall deliver the signed amended certificate of ascertainment to the secretary of state and a signed duplicate original of the amended certificate of ascertainment to all individuals entitled to receive this state's certificate of ascertainment, indicating that the amended certificate of ascertainment is to be substituted for the certificate of ascertainment previously submitted.

(c) The secretary of state shall prepare a certificate of vote. The electors on the final list shall sign the certificate. The secretary of state shall process and transmit the signed certificate with the amended certificate of ascertainment under United States Code, title 3, sections 9, 10, and 11.

Sec. 13. **[208.48] UNIFORMITY OF APPLICATION AND CONSTRUCTION.**

In applying and construing sections 208.40 to 208.48, consideration must be given to the need to promote uniformity of the law with respect to their subject matter among states that enact the Uniform Faithful Presidential Electors Act or similar law.

Sec. 14. Minnesota Statutes 2014, section 209.01, subdivision 2, is amended to read:

Subd. 2. **Statewide office.** For purposes of this chapter, "statewide office" means the office of governor, lieutenant governor, attorney general, state auditor, secretary of state, chief justice or associate justice of the Supreme Court, judge of the Court of Appeals, United States senator, or presidential elector or alternate.

Sec. 15. **REPEALER.**

Minnesota Statutes 2014, sections 208.07; and 208.08, are repealed."

Delete the title and insert:

"A bill for an act relating to elections; modifying various provisions related to elections administration, including provisions related to school boards, voters, ballots, registration, violations, absentee ballots, candidates, vacancies, recounts, filing fees, and precincts; modifying military and overseas absentee voting provisions; providing the Uniform Faithful Presidential Electors Act; making various technical changes; amending Minnesota Statutes 2014, sections 123B.09, subdivision 1; 200.02, subdivisions 7, 23, by adding subdivisions; 201.071, subdivision 1; 201.158; 201.275; 203B.01, subdivision 3; 203B.07, subdivision 1; 203B.08, subdivisions 1, 3; 203B.121, subdivision 2; 203B.16, subdivisions 1, 2; 203B.17, subdivisions 1, 2; 204B.06, subdivision 1b; 204B.07, subdivision 2; 204B.13, subdivisions 1, 2, 5; 204B.131, subdivision 1; 204B.19, subdivisions 2, 6; 204B.36, subdivisions 1, 2, 3, 4; 204B.44; 204B.45, subdivision 2; 204C.04, subdivision 2; 204C.08, subdivision 1d; 204C.13, subdivisions 2, 3, 5; 204C.22, subdivisions 3, 4, 7, 10; 204C.35, subdivisions 1, 2; 204C.36, subdivisions 1, 2; 204C.40, subdivision 2; 204D.11, subdivision 4; 204D.27, subdivision 11; 205.13, subdivision 3; 206.90, subdivision 6; 208.02; 208.03; 208.06; 209.01, subdivision 2; 209.021, subdivisions 2, 3; 209.09, subdivision 2; 365.22, subdivisions 2, 3; 367.31, subdivision 4; 368.85, subdivision 4; 376.04; 412.551, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 208; repealing Minnesota Statutes 2014, sections 204C.13, subdivision 4; 204C.30, subdivision 1; 208.07; 208.08; 383A.555."

The motion prevailed and the amendment was adopted.

Quam moved to amend S. F. No. 455, the fourth engrossment, as amended, as follows:

Page 30, line 31, delete "204C.30, subdivision"

Page 30, line 32, delete "1:"

Correct the title numbers accordingly

The motion prevailed and the amendment was adopted.

Quam moved to amend S. F. No. 455, the fourth engrossment, as amended, as follows:

Page 14, line 31, reinstate the stricken language

Page 14, line 32, reinstate the stricken language and before the period, insert ", or a county adjacent to the county in which the student resides"

The motion prevailed and the amendment was adopted.

S. F. No. 455, A bill for an act relating to elections; modifying various provisions related to election administration, including provisions related to school districts, voters, ballots, candidates, political party designation, military and overseas voting, and other election-related provisions; establishing the Elections Emergency Planning Task Force; enacting the Uniform Faithful Presidential Electors Act; amending voter registration procedures; restoring right to vote upon release from incarceration for a felony offense; providing for early voting; requiring use of actual address for redistricting purposes; making conforming changes; making technical changes; appropriating money; amending Minnesota Statutes 2014, sections 13.607, by adding a subdivision; 103C.311, subdivision 2; 123B.09, subdivision 1, by adding a subdivision; 200.02, subdivisions 7, 23, by adding subdivisions; 201.014, by adding a subdivision; 201.022, subdivision 1; 201.054, subdivisions 1, 2; 201.061, by adding a subdivision; 201.071, subdivision 1; 201.091, subdivision 4; 201.12, subdivisions 2, 3; 201.13, subdivision 3; 201.14; 201.157; 201.158; 201.161; 203B.001; 203B.01, subdivision 3, by adding a subdivision; 203B.03, subdivision 1; 203B.05, subdivision 1; 203B.07, subdivision 1; 203B.08, subdivisions 1, 3; 203B.081; 203B.085; 203B.121, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 203B.16, subdivisions 1, 2; 203B.17, subdivisions 1, 2; 204B.06, subdivision 1b; 204B.07, subdivision 2; 204B.145; 204B.19, subdivisions 2, 6; 204B.28, subdivision 2; 204B.36, subdivisions 1, 2, 3, 4; 204B.45, subdivisions 1, 2; 204C.04, subdivision 2; 204C.08, subdivision 1d; 204C.10; 204C.13, subdivisions 2, 3, 5; 204C.15, subdivision 1; 204C.22, subdivisions 3, 4, 7, 10; 204C.35, subdivisions 1, 2; 204C.36, subdivisions 1, 2; 204C.40, subdivision 2; 204D.11, subdivision 4; 204D.27, subdivision 11; 205.13, subdivision 3; 205.84, subdivision 1; 206.82, subdivision 1; 206.83; 206.90, subdivision 6; 208.02; 208.03; 208.06; 209.01, subdivision 2; 209.021, subdivisions 2, 3; 209.09, subdivision 2; 365.22, subdivisions 2, 3; 367.31, subdivision 4; 368.85, subdivision 4; 375.025, subdivision 1; 375A.09, subdivision 4; 376.04; 383B.68, subdivision 4; 412.551, subdivision 2; 473.123, subdivision 3a; 609.165, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 123B; 201; 203B; 208; 241; 243; repealing Minnesota Statutes 2014, sections 123B.09, subdivision 5; 201.155; 201.275; 204B.14, subdivision 6; 204C.13, subdivision 4; 204C.30, subdivision 1; 208.07; 208.08; 383A.555.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Baker	Considine	Drazkowski	Green	Heintzeman
Allen	Barrett	Daniels	Erhardt	Gruenhagen	Hertaus
Anderson, M.	Bennett	Davids	Erickson	Gunther	Hilstrom
Anderson, P.	Bernardy	Davnie	Fabian	Hackbarth	Hoppe
Anderson, S.	Bly	Dean, M.	Fischer	Halverson	Hornstein
Anzelc	Carlson	Dehn, R.	Franson	Hamilton	Hortman
Atkins	Christensen	Dettmer	Freiberg	Hancock	Howe
Backer	Clark	Dill	Garofalo	Hansen	Isaacson

Johnson, B.	Lien	McNamara	O'Driscoll	Rosenthal	Theis
Johnson, C.	Lillie	Melin	O'Neill	Runbeck	Thissen
Johnson, S.	Loeffler	Metsa	Pelowski	Sanders	Torkelson
Kahn	Lohmer	Miller	Peppin	Schoen	Uglen
Kelly	Loon	Moran	Persell	Schomacker	Urdahl
Kiel	Loonan	Murphy, E.	Petersburg	Schultz	Vogel
Knoblach	Lucero	Murphy, M.	Peterson	Scott	Wagenius
Koznick	Lueck	Nash	Pierson	Selcer	Ward
Kresha	Mack	Nelson	Pinto	Simonson	Whelan
Laine	Mahoney	Newberger	Poppe	Slocum	Wills
Lenczewski	Marquart	Newton	Pugh	Smith	Yarusso
Lesch	Masin	Nornes	Quam	Sundin	Youakim
Liebling	McDonald	Norton	Rarick	Swedzinski	Zerwas

The bill was passed, as amended, and its title agreed to.

S. F. No. 205 was reported to the House.

Sanders moved to amend S. F. No. 205, the third engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 337, the first engrossment:

"Section 1. Minnesota Statutes 2014, section 10A.01, subdivision 11, is amended to read:

Subd. 11. **Contribution.** (a) "Contribution" means money, a negotiable instrument, or a donation in kind that is given to a political committee, political fund, principal campaign committee, or party unit. An allocation by an association of general treasury money to be used for activities that must be or are reported through the association's political fund is considered to be a contribution for the purposes of disclosure required by this chapter.

(b) "Contribution" includes a loan or advance of credit to a political committee, political fund, principal campaign committee, or party unit, if the loan or advance of credit is: (1) forgiven; or (2) repaid by an individual or an association other than the political committee, political fund, principal campaign committee, or party unit to which the loan or advance of credit was made. If an advance of credit or a loan is forgiven or repaid as provided in this paragraph, it is a contribution in the year in which the loan or advance of credit was made.

(c) "Contribution" does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, political fund, principal campaign committee, or party unit; the publishing or broadcasting of news items or editorial comments by the news media; or an individual's unreimbursed personal use of an automobile owned by the individual while volunteering personal time.

(d) "Contribution" does not include an individual's granting permission to post a message advocating the nomination, election, or defeat of a candidate on real property occupied as the primary residence of the individual.

Sec. 2. Minnesota Statutes 2014, section 10A.01, subdivision 26, is amended to read:

Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, or a donation in kind received, by a principal campaign committee for any of the following purposes:

(1) payment for accounting and legal services;

- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;
- (4) return of a public subsidy;
- (5) payment for food, beverages, and necessary utensils and supplies, entertainment, and facility rental for a fund-raising event;
- (6) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;
- (7) payment for food and beverages consumed by a candidate or volunteers while they are engaged in campaign activities;
- (8) payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties;
- (9) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;
- (10) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;
- (11) costs of ~~child~~ care for the candidate's children or dependents when campaigning and, if the candidate is a member of the legislature, up to \$2,000 in a calendar year of the costs of care for the member's children or dependents required during the performance of official legislative duties;
- (12) fees paid to attend a campaign school;
- (13) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;
- (14) interest on loans paid by a principal campaign committee on outstanding loans;
- (15) filing fees;
- (16) post-general election holiday or seasonal cards, thank-you notes, or advertisements in the news media mailed or published prior to the end of the election cycle;
- (17) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;
- (18) contributions to a party unit;
- (19) payments for funeral gifts or memorials;

(20) the cost of a magnet less than six inches in diameter containing legislator contact information and distributed to constituents;

(21) costs associated with a candidate attending a political party state or national convention in this state;

(22) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question; and

(23) costs paid to a third party for processing contributions made by a credit card, debit card, or electronic check.

The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

A noncampaign disbursement is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

Sec. 3. Minnesota Statutes 2014, section 10A.02, subdivision 11, is amended to read:

Subd. 11. **Violations; enforcement.** (a) The board may investigate any alleged violation of this chapter. The board may also investigate an alleged violation of section 211B.04, 211B.12, or 211B.15 by or related to a candidate, treasurer, principal campaign committee, political committee, political fund, or party unit, as those terms are defined in this chapter.

~~(1) Upon receipt of a written complaint filed with the board, the board shall promptly provide a copy of the complaint to the subject of the complaint and notify the subject that a determination as to whether the complaint states a prima facie violation will be made and that the subject may, within 15 days of the date the board provided notice to the subject, submit a written statement addressing the prima facie determination. The notice must include the definition of a prima facie determination.~~

~~Within 30 days after the filing of the complaint, the board chair or another board member designated by the chair shall promptly make a determination as to whether the complaint alleges a prima facie violation. If a determination is made that the complaint does not allege a prima facie violation, the complaint shall be dismissed without prejudice and the complainant and the subject of the complaint must be promptly notified of the reasons the complaint did not allege a prima facie violation. The notice to the subject of the complaint must include a copy of the complaint. If the complainant files a revised complaint regarding the same facts and the same subject, the prima facie determination must be completed by a board member other than the member who made the initial determination and who does not support the same political party as the member who made the initial determination. The chair may order that the prima facie determination for any complaint be made by the full board and must order that the prima facie determination for a complaint being submitted for the third time be made by the full board.~~

(2) If a determination is made that the complaint alleges a prima facie violation, the board shall, within 45 days of the prima facie determination, make findings and conclusions as to whether probable cause exists to believe the alleged violation that warrants a formal investigation has occurred. Any party filing a complaint and any party against whom a complaint is filed must be given an opportunity to be heard by the board prior to the board's determination as to whether probable cause exists to believe a violation that warrants a formal investigation has occurred.

(3) Upon a determination by the board that probable cause exists to believe a violation that warrants a formal investigation has occurred, the board must undertake an investigation under subdivision 10 and must issue an order at the conclusion of the investigation, except that if the complaint alleges a violation of section 10A.25 or 10A.27, the board must either enter a conciliation agreement or make public findings and conclusions as to whether a violation

has occurred and must issue an order within 60 days after the ~~filing of the complaint~~ probable cause determination has been made. Prior to making findings and conclusions in an investigation, the board must offer the subject of the complaint an opportunity to answer the allegations of the complaint in writing and to appear before the board to address the matter. The deadline for action on a written complaint may be extended by majority vote of the board.

(b) The board may bring legal actions or negotiate settlements in its own name to recover money raised from contributions subject to the conditions in this paragraph.

(1) No action may be commenced unless the board has made a formal determination, after an investigation, that the money was raised for political purposes as defined in section 211B.01, subdivision 6, and that the money was used for purposes not permitted under this chapter or under section 211B.12.

(2) Prior to commencing an action, the board must give the association whose money was misused written notice by certified mail of its intent to take action under this subdivision and must give the association a reasonable opportunity, for a period of not less than 90 days, to recover the money without board intervention. This period must be extended for at least an additional 90 days for good cause if the association is actively pursuing recovery of the money. The board may not commence a legal action under this subdivision if the association has commenced a legal action for the recovery of the same money.

(3) Any funds recovered under this subdivision must be deposited in a campaign finance recovery account in the special revenue fund and are appropriated as follows:

(i) an amount equal to the board's actual costs and disbursements in the action, including court reporter fees for depositions taken in the course of an investigation, is appropriated to the board for its operations;

(ii) an amount equal to the reasonable value of legal services provided by the Office of the Attorney General in the recovery matter, calculated on the same basis as is used for charging legal fees to state agencies, is appropriated to the attorney general for the attorney general's operations; and

(iii) any remaining balance is appropriated to the board for distribution to the association to which the money was originally contributed.

(4) Notwithstanding clause (3), item (iii), if the candidate of a principal campaign committee is the person who used the association's money for illegal purposes, or if the association or political fund whose money was misused is no longer registered with the board, any money remaining after the payments specified in clause (3), items (i) and (ii), must be transferred to the general account of the state elections campaign account.

(5) Any action by the board under this paragraph must be commenced not later than four years after the improper use of money is shown on a report filed with the board or the board has actual knowledge of improper use. No action may be commenced under this paragraph for improper uses disclosed on reports for calendar years prior to 2011.

(6) If the board prevails in an action brought under this subdivision and the court makes a finding that the misuse of funds was willful, the court may enter judgment in favor of the board and against the person misusing the funds in the amount of the misused funds.

(c) Within a reasonable time after beginning an investigation of an individual or association, the board must notify the individual or association of the fact of the investigation. The board must not make a finding that a violation has occurred without notifying the individual or association of the nature of the allegations and affording an opportunity to answer those allegations. After the board has sent notice of the investigation to the individual or association, the individual or association must preserve evidence related to the investigation.

(d) A hearing before the board or action of the board concerning a complaint or investigation other than findings, conclusions, and orders or a conciliation agreement is confidential. Until the board makes a public finding or enters a conciliation agreement:

(1) a member, employee, or agent of the board must not disclose to an individual information obtained by that member, employee, or agent concerning a complaint or investigation except as required to carry out the investigation or take action in the matter as authorized by this chapter; and

(2) an individual who discloses information contrary to this subdivision is subject to a civil penalty imposed by the board of up to \$1,000.

(e) A matter that is under the board's jurisdiction pursuant to this section and that may result in a criminal offense must be finally disposed of by the board before the alleged violation may be prosecuted by a city or county attorney.

Sec. 4. Minnesota Statutes 2014, section 10A.03, subdivision 3, is amended to read:

Subd. 3. **Failure to file.** ~~The board must send a notice by certified mail to any lobbyist who fails to file a registration form within five days after becoming a lobbyist.~~ If a lobbyist fails to file a registration form within ten business days after the notice was sent by the date that the form was due, the board may impose a late filing fee of \$5 ~~\$25~~ per day, not to exceed \$100 ~~\$1,000~~, starting on the ~~14th~~ day after the ~~notice was sent form was due~~. The board must send ~~an additional~~ notice by certified mail to a lobbyist who fails to file a form within ~~14~~ ten business days after the first notice was sent by the board form was due that the lobbyist may be subject to a civil penalty for failure to file the form. A lobbyist who fails to file a form within seven days after the ~~second~~ certified mail notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

Sec. 5. Minnesota Statutes 2014, section 10A.08, subdivision 1, is amended to read:

Subdivision 1. **Disclosure required.** A public official who represents a client for a fee before an individual, board, commission, or agency that has rulemaking authority in a hearing conducted under chapter 14, must disclose the official's participation in the action to the board within 14 days after the appearance. If the public official fails to disclose the participation ~~within ten business days after by the date that~~ the disclosure ~~required by this section~~ was due, the board may impose a late filing fee of \$5 ~~\$25~~ per day, not to exceed \$100 ~~\$1,000~~, starting on the ~~14th~~ day after the disclosure was due. The board must send notice by certified mail to a public official who fails to disclose the participation within ten business days after the disclosure was due that the public official may be subject to a civil penalty for failure to disclose the participation. A public official who fails to disclose the participation within seven days after the certified mail notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

Sec. 6. Minnesota Statutes 2014, section 10A.09, subdivision 6, is amended to read:

Subd. 6. **Supplementary Annual statement.** Each individual who is required to file a statement of economic interest must also file a supplementary an annual statement on by April 15 of each year that the individual remains in office if information on the most recently filed statement has changed. The annual statement must cover the period through March 31 of the year the statement is due. The supplementary annual statement, if required, must include the amount of each honorarium in excess of \$50 received since the previous statement and the name and address of the source of the honorarium. The board must maintain a each annual statement of economic interest submitted by an officeholder in the same file with the statement submitted as a candidate.

Sec. 7. Minnesota Statutes 2014, section 10A.09, subdivision 10, is amended to read:

Subd. 10. **Board audits; data classification.** All data related to an audit, including the existence of the audit, are classified as confidential data on individuals, as defined in section 13.02, subdivision 3, or protected nonpublic data, as defined in section 13.02, subdivision 13. A member, employee, or agent of the board must not disclose information obtained by the member, employee, or agent concerning the audit except as required to carry out the audit or take action in the matter. Upon completion of the audit, the board's final audit report is public. The final audit report must contain the name of the individual subject to the audit, a description of any audit findings, a description of any responses provided by the individual who was subject to the audit, and a description of the manner in which any findings were resolved.

Sec. 8. Minnesota Statutes 2014, section 10A.14, subdivision 1, is amended to read:

Subdivision 1. **First registration.** (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the board by filing a registration statement. The registration statement must be filed by the earliest of the following dates:

(1) no later than 14 days after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$750;

(2) no later than the next report of receipts and expenditures filing date applicable to the committee, fund, or party unit if the committee, fund, or party unit reached the threshold in clause (1) before the end of the reporting period covered by that report; or

(3) by the end of the next business day after it has received a loan or contribution that must be reported under section 10A.20, subdivision 5, ~~whichever is earlier.~~

(b) This subdivision does not apply to ballot question or independent expenditure political committees or funds, which are subject to subdivision 1a.

Sec. 9. Minnesota Statutes 2014, section 10A.14, subdivision 1a, is amended to read:

Subd. 1a. **Independent expenditure or ballot question political committees and funds; first registration; reporting.** The treasurer of an independent expenditure or ballot question political committee or fund must register with the board by filing a registration statement. The registration must be filed by the earliest of the following dates:

(1) no later than 14 calendar days after the committee or the association registering the political fund has:

(i) received aggregate contributions for independent expenditures of more than \$1,500 in a calendar year;

(ii) received aggregate contributions for expenditures to promote or defeat a ballot question of more than \$5,000 in a calendar year;

(iii) made aggregate independent expenditures of more than \$1,500 in a calendar year; or

(iv) made aggregate expenditures to promote or defeat a ballot question of more than \$5,000 in a calendar year; ~~or~~

(2) no later than the next report of receipts and expenditures filing date applicable to the independent expenditure or ballot question committee or fund if the committee or fund reached the threshold in clause (1) before the end of the reporting period covered by that report; or

(3) by the end of the next business day after it has received a loan or contribution that must be reported under section 10A.20, subdivision 5, and it has met one of the requirements of clause (1).

Sec. 10. Minnesota Statutes 2014, section 10A.14, subdivision 4, is amended to read:

Subd. 4. **Failure to file; penalty.** If an individual fails to file a statement required by this section ~~within ten business days after~~ by the date that the statement was due, the board may impose a late filing fee of \$~~5~~ \$25 per day, not to exceed ~~\$100~~ \$1,000, ~~commencing with the 11th~~ starting on the day after the statement was due.

The board must send notice by certified mail to any individual who fails to file a statement within ten business days after the statement was due that the individual may be subject to a civil penalty for failure to file the statement. An individual who fails to file the statement within seven days after the certified mail notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

Sec. 11. Minnesota Statutes 2014, section 10A.17, subdivision 4, is amended to read:

Subd. 4. **Independent expenditures.** (a) Except as provided in paragraphs (b) and (c), an individual, political committee, political fund, principal campaign committee, or party unit that independently solicits or accepts contributions or makes independent expenditures on behalf of a candidate must publicly disclose that the expenditure is an independent expenditure. All written communications with those from whom contributions are independently solicited or accepted or to whom independent expenditures are made on behalf of a candidate must contain a statement in conspicuous type that the activity is an independent expenditure and is not approved by the candidate nor is the candidate responsible for it. Similar language must be included in all oral communications, in conspicuous type on the front page of all literature and advertisements published or posted, and at the end of all broadcast advertisements made by that individual, political committee, political fund, principal campaign committee, or party unit on the candidate's behalf.

(b) Paragraph (a) does not apply to individuals or associations that are not required to register or report under this chapter.

(c) Paragraph (a) does not apply to the following:

(1) bumper stickers, pins, buttons, pens, or similar small items on which the independent expenditure statement cannot be conveniently printed;

(2) skywriting, wearing apparel, or other means of displaying an advertisement of such a nature that the inclusion of the independent expenditure statement would be impracticable; and

(3) online banner ads and similar electronic communications that link directly to an online page that includes the independent expenditure statement.

Sec. 12. Minnesota Statutes 2014, section 10A.20, subdivision 1, is amended to read:

Subdivision 1. **First filing; duration.** (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must begin to file the reports required by this section for the first year it receives contributions or makes expenditures that require it to register under section 10A.14 and must continue to file until the committee, fund, or party unit is terminated.

(b) If, on or before the last date included in a reporting period, a political committee, political fund, principal campaign committee, or party unit received contributions or made expenditures that would require it to register under section 10A.14, the political committee, political fund, principal campaign committee, or party unit must both register with the board under section 10A.14 and report under this section by the date that the report for that reporting period is due.

(c) The reports must be filed electronically in a standards-based open format specified by the board. For good cause shown, the board must grant exemptions to the requirement that reports be filed electronically.

Sec. 13. Minnesota Statutes 2014, section 10A.20, subdivision 2, is amended to read:

Subd. 2. **Time for filing.** (a) The reports must be filed with the board on or before January 31 of each year and additional reports must be filed as required and in accordance with paragraphs (b) to (f).

(b) In each year in which the name of a candidate for legislative or district court judicial office is on the ballot, the report of the principal campaign committee must be filed 15 days before a primary election and ten days before a general election, seven days before a special primary election and seven days before a special general election, and ten days after a special election cycle.

(c) In each general election year, a political committee, a political fund, a state party committee, and a party unit established by all or a part of the party organization within a house of the legislature must file reports on the following schedule:

- (1) a first-quarter report covering the calendar year through March 31, which is due April 14;
- (2) a report covering the calendar year through May 31, which is due June 14;
- (3) a pre-primary-election report due 15 days before a primary election;
- (4) a pre-general-election report due 42 days before the general election; and
- (5) a pre-general-election report due ten days before a general election.

(d) In each general election year, a party unit not included in paragraph (c) must file reports 15 days before a primary election and ten days before a general election.

(e) In each year in which a constitutional office or appellate court judicial seat is on the ballot, the principal campaign committee of a candidate for that office or seat must file reports on the following schedule:

- (1) a first-quarter report covering the calendar year through March 31, which is due April 14;
- (2) a report covering the calendar year through May 31, which is due June 14;
- (3) a pre-primary-election report due 15 days before a primary election;
- (4) a pre-general-election report due 42 days before the general election;
- (5) a pre-general-election report due ten days before a general election; and

(6) for a special election, a constitutional office candidate whose name is on the ballot must file reports seven days before a special primary election, seven days before a special general election, and ten days after a special election cycle.

(f) Notwithstanding paragraphs (a) to (e):

(1) the principal campaign committee of a candidate who did not file for office is not required to file the report due June 14, the report due 15 days before the primary election, or the report due seven days before a special primary election; and

(2) the principal campaign committee of a candidate whose name will not be on the general election ballot is not required to file the report due 42 days before the general election, the report due ten days before a general election, or the report due seven days before a special general election.

Sec. 14. Minnesota Statutes 2014, section 10A.20, subdivision 3, is amended to read:

Subd. 3. **Contents of report.** (a) The report required by this section must include each of the items listed in paragraphs (b) to (o) that are applicable to the filer. The board shall prescribe forms based on filer type indicating which of those items must be included on the filer's report.

(b) The report must disclose the amount of liquid assets on hand at the beginning of the reporting period.

(c) The report must disclose the name, address, ~~and~~ employer, or occupation if self-employed, and registration number if registered with the board, of each individual or association that has made one or more contributions to the reporting entity, including the purchase of tickets for a fund-raising effort, that in aggregate within the year exceed \$200 for legislative or statewide candidates or more than \$500 for ballot questions, together with the amount and date of each contribution, and the aggregate amount of contributions within the year from each source so disclosed. A donation in kind must be disclosed at its fair market value. An approved expenditure must be listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors must be listed in alphabetical order. Contributions from the same contributor must be listed under the same name. When a contribution received from a contributor in a reporting period is added to previously reported unitemized contributions from the same contributor and the aggregate exceeds the disclosure threshold of this paragraph, the name, address, and employer, or occupation if self-employed, of the contributor must then be listed on the report.

(d) The report must disclose the sum of contributions to the reporting entity during the reporting period.

(e) The report must disclose each loan made or received by the reporting entity within the year in aggregate in excess of \$200, continuously reported until repaid or forgiven, together with the name, address, occupation, ~~and~~ principal place of business, if any, and registration number if registered with the board of the lender and any endorser and the date and amount of the loan. If a loan made to the principal campaign committee of a candidate is forgiven or is repaid by an entity other than that principal campaign committee, it must be reported as a contribution for the year in which the loan was made.

(f) The report must disclose each receipt over \$200 during the reporting period not otherwise listed under paragraphs (c) to (e).

(g) The report must disclose the sum of all receipts of the reporting entity during the reporting period.

(h) The report must disclose the name ~~and~~, address, and registration number if registered with the board of each individual or association to whom aggregate expenditures, approved expenditures, independent expenditures, and ballot question expenditures have been made by or on behalf of the reporting entity within the year in excess of \$200, together with the amount, date, and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question that the expenditure was intended to promote or defeat and an indication of whether the expenditure was to promote or to defeat the ballot question, and in the case of independent expenditures made in opposition to a candidate, the candidate's name, address, and office sought. A reporting entity making an expenditure on behalf of more than one candidate for state or legislative office must allocate the expenditure among the candidates on a reasonable cost basis and report the allocation for each candidate.

(i) The report must disclose the sum of all expenditures made by or on behalf of the reporting entity during the reporting period.

(j) The report must disclose the amount and nature of an advance of credit incurred by the reporting entity, continuously reported until paid or forgiven. If an advance of credit incurred by the principal campaign committee of a candidate is forgiven by the creditor or paid by an entity other than that principal campaign committee, it must be reported as a donation in kind for the year in which the advance of credit was made.

(k) The report must disclose the name ~~and~~, address, and registration number if registered with the board of each political committee, political fund, principal campaign committee, or party unit to which contributions have been made that aggregate in excess of \$200 within the year and the amount and date of each contribution.

(l) The report must disclose the sum of all contributions made by the reporting entity during the reporting period.

(m) The report must disclose the name ~~and~~, address, and registration number if registered with the board of each individual or association to whom noncampaign disbursements have been made that aggregate in excess of \$200 within the year by or on behalf of the reporting entity and the amount, date, and purpose of each noncampaign disbursement.

(n) The report must disclose the sum of all noncampaign disbursements made within the year by or on behalf of the reporting entity.

(o) The report must disclose the name and address of a nonprofit corporation that provides administrative assistance to a political committee or political fund as authorized by section 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate fair market value of each type of assistance provided to the political committee or political fund during the reporting period.

Sec. 15. Minnesota Statutes 2014, section 10A.25, subdivision 10, is amended to read:

Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a spending limit agreement under section 10A.322, a candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign may choose to be released from the expenditure limits but remain eligible to receive a public subsidy if the candidate has an opponent who has not agreed to be bound by the limits and has received contributions or made or become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the election segment expenditure limit for that office as set forth in subdivision 2; or

(2) after the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the election cycle expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a). The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a).

(c) Upon receipt of the notice, a candidate who had agreed to be bound by the limits may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the State Canvassing Board has declared the results of the state primary.

(d) A candidate who has agreed to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits but remains eligible to receive a public subsidy.

Sec. 16. Minnesota Statutes 2014, section 10A.27, subdivision 1, is amended to read:

Subdivision 1. **Contribution limits.** (a) Except as provided in subdivision 2, a candidate must not permit the candidate's principal campaign committee to accept aggregate contributions made or delivered by any individual, political committee, political fund, or association not registered with the board in excess of the following:

(1) to candidates for governor and lieutenant governor running together, \$4,000 in the election segment of an election cycle for the office sought and \$2,000 in the nonelection segment of the election cycle;

(2) to a candidate for attorney general, \$2,500 in the election segment of an election cycle for the office sought and \$1,500 in the nonelection segment of the election cycle;

(3) to a candidate for secretary of state or state auditor, \$2,000 in the election segment of an election cycle and \$1,000 in the nonelection segment of the election cycle;

(4) to a candidate for state senator, \$1,000 in the election segment of an election cycle for the office sought and \$1,000 in a nonelection segment of the election cycle;

(5) to a candidate for state representative, \$1,000 in the election segment of an election cycle for the office sought; and

(6) to a candidate for judicial office, \$2,500 in the election segment of an election cycle for the office sought and ~~\$1,000~~ \$2,500 in a nonelection segment of the election cycle.

(b) The following deliveries are not subject to the bundling limitation in this subdivision:

(1) delivery of contributions collected by a member of the candidate's principal campaign committee, such as a block worker or a volunteer who hosts a fund-raising event, to the committee's treasurer; and

(2) a delivery made by an individual on behalf of the individual's spouse.

(c) A lobbyist, political committee, political party unit, an association that has a political fund, or an association not registered with the board must not make a contribution a candidate is prohibited from accepting.

Sec. 17. Minnesota Statutes 2014, section 10A.273, subdivision 1, is amended to read:

Subdivision 1. **Contributions during legislative session.** (a) A candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature, must not solicit or accept a contribution from a registered lobbyist, political committee, political fund, or an association not registered with the board, ~~or a party unit established by the party organization within a house of the legislature~~, during a regular session of the legislature.

(b) A registered lobbyist, political committee, political fund, ~~or an association not registered with the board, or a party unit established by the party organization within a house of the legislature,~~ must not make a contribution to a candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature during a regular session of the legislature.

Sec. 18. Minnesota Statutes 2014, section 10A.273, subdivision 3, is amended to read:

Subd. 3. **Definition.** For purposes of this section, a "regular session" includes the entire first day and the entire last day of each annual session. For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium.

Sec. 19. Minnesota Statutes 2014, section 10A.322, subdivision 4, is amended to read:

Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.

(b) The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

(c) The willful issuance of an official refund receipt form or a facsimile to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

(d) A violation of paragraph (b) or (c) is a misdemeanor.

Sec. 20. Minnesota Statutes 2014, section 10A.34, is amended by adding a subdivision to read:

Subd. 4. **Penalty for violations of chapter 211B under board's jurisdiction.** If a civil penalty is not specified in a section of chapter 211B brought under the board's jurisdiction by section 10A.02, subdivision 11, paragraph (a), the board may impose a civil penalty of up to \$3,000.

Sec. 21. Minnesota Statutes 2014, section 13.607, is amended by adding a subdivision to read:

Subd. 3a. **Campaign Finance and Public Disclosure Board audit data.** The record of certain audits conducted under chapter 10A is classified, and disposition of certain information is governed, by section 10A.09, subdivision 10.

Sec. 22. Minnesota Statutes 2014, section 13.607, subdivision 5, is amended to read:

Subd. 5. **Statements of economic interest.** (a) Disclosure of statements of economic interest filed by local officials is governed by section 10A.09, subdivision 6a.

~~(b) Data related to audits of statements of economic interest are governed by section 10A.09, subdivision 10.~~

Sec. 23. Minnesota Statutes 2014, section 211A.01, subdivision 5, is amended to read:

Subd. 5. **Contribution.** "Contribution" means anything of monetary value that is given or loaned to a candidate or committee for a political purpose. "Contribution" does not include a service provided without compensation by an individual, or an individual's granting permission to post a message advocating the nomination, election, or defeat of a candidate on real property occupied as the primary residence of the individual.

Sec. 24. Minnesota Statutes 2014, section 211B.04, is amended to read:

211B.04 CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.

(a) A person who participates in the preparation or dissemination of campaign material other than as provided in section 211B.05, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared or disseminated in a disclaimer substantially in the form provided in paragraph (b) or (c) is guilty of a misdemeanor.

(b) Except in cases covered by paragraph (c), the required form of disclaimer is: "Prepared and paid for by the committee, (address)" for material prepared and paid for by a principal campaign committee, or "Prepared and paid for by the committee, (address), ~~in support of (insert name of candidate or ballot question)~~" for material prepared and paid for by a person or committee other than a principal campaign committee. If the material is produced and disseminated without cost, the words "paid for" may be omitted from the disclaimer.

(c) In the case of broadcast media, the required form of disclaimer is: "Paid for by the committee." If the material is produced and broadcast without cost, the required form of the disclaimer is: "The committee is responsible for the content of this message."

(d) ~~Campaign material that is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to (insert name of candidate or ballot question)" or that "this publication is not circulated on behalf of any candidate or ballot question."~~

(~~e~~) This section does not apply to ~~objects stating only the candidate's name and the office sought, fund-raising tickets, or business cards, personal letters, or similar items~~ that are clearly being ~~sent~~ distributed by the candidate.

(~~f~~) (~~e~~) This section does not apply to an individual or association ~~who acts independently of any candidate, candidate's committee, political committee, or political fund and spends only from the individual's or association's own resources a sum that is less than \$2,000 in the aggregate to produce or distribute campaign material that is distributed at least seven days before the election to which the campaign material relates~~ that is not required to register or report under chapter 10A or 211A.

(f) This section does not apply to the following:

(1) bumper stickers, pins, buttons, pens, or similar small items on which the disclaimer cannot be conveniently printed;

(2) skywriting, wearing apparel, or other means of displaying an advertisement of such a nature that the inclusion of a disclaimer would be impracticable; and

(3) online banner ads and similar electronic communications that link directly to an online page that includes the disclaimer.

(g) This section does not modify or repeal section 211B.06.

Sec. 25. Minnesota Statutes 2014, section 211B.12, is amended to read:

211B.12 LEGAL EXPENDITURES.

Use of money collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns, or is a noncampaign disbursement as defined in section 10A.01, subdivision 26. The following are permitted expenditures when made for political purposes:

- (1) salaries, wages, and fees;
- (2) communications, mailing, transportation, and travel;
- (3) campaign advertising;
- (4) printing;
- (5) office and other space and necessary equipment, furnishings, and incidental supplies;

(6) charitable contributions of not more than \$100 to any charity organized under section 501(c)(3) of the Internal Revenue Code annually, except that the amount contributed ~~by a~~ is not limited by this clause if the political committee, political fund, party unit, principal campaign committee, or from the campaign fund of a candidate for political subdivision office that made the contribution dissolves within one year after the contribution is made ~~is not limited by this clause~~; and

(7) other expenses, not included in clauses (1) to (6), that are reasonably related to the conduct of election campaigns. In addition, expenditures made for the purpose of providing information to constituents, whether or not related to the conduct of an election, are permitted expenses. Money collected for political purposes and assets of a political committee or political fund may not be converted to personal use.

Sec. 26. Minnesota Statutes 2014, section 211B.15, subdivision 2, is amended to read:

Subd. 2. **Prohibited contributions.** (a) A corporation may not make a contribution or offer or agree to make a contribution directly or indirectly, of any money, property, free service of its officers, employees, or members, or thing of monetary value to a ~~major~~ political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office.

(b) A political party, organization, committee, or individual may not accept a contribution or an offer or agreement to make a contribution that a corporation is prohibited from making under paragraph (a).

(c) For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of a candidate to a political office that is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate but does not include an independent expenditure authorized by subdivision 3.

Sec. 27. Minnesota Statutes 2014, section 211B.15, subdivision 11, is amended to read:

Subd. 11. **Messages on premises.** (a) It is not a violation of this section for a corporation selling products or services to the public to post on its public premises messages that promote participation in precinct caucuses, voter registration, or elections if the messages are not controlled by or operated for the advantage of a candidate, political party, or committee.

(b) If a message advocating the nomination, election, or defeat of a candidate is posted on real property owned by a corporation, partnership, or other legal entity, it is not a contribution under subdivision 2, and not a violation of this section, if:

(1) the real property is also an individual's primary residence, and that individual has granted use of the property to post the message; or

(2) the message is posted on a sign that does not exceed 18 inches by 24 inches in size.

Sec. 28. Minnesota Statutes 2014, section 211B.37, is amended to read:

211B.37 COSTS ASSESSED.

Except as otherwise provided in section 211B.36, subdivision 3, the chief administrative law judge shall assess the cost of considering complaints filed under section 211B.32 as provided in this section. Costs of complaints relating to a statewide ballot question or an election for a statewide or legislative office must be ~~assessed against the appropriation from the general fund to the general account of the state elections campaign account in section 10A.31, subdivision 4~~ paid from appropriations to the office for this purpose. Costs of complaints relating to any other ballot question or elective office must be paid from appropriations to the office for this purpose.

Sec. 29. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B. The revisor shall also make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering.

Column A

10A.02, subd. 9
10A.02, subd. 10, paragraphs (a) and (b)
10A.02, subd. 10, paragraph (c)
10A.02, subd. 11, paragraph (a)
10A.02, subd. 11, paragraph (b)
10A.02, subd. 11, paragraph (c)
10A.02, subd. 11, paragraph (d)
10A.02, subd. 11, paragraph (e)
10A.02, subd. 11a
10A.02, subd. 13
10A.09, subd. 10

Column B

10A.022, subd. 1
10A.022, subd. 2
10A.02, subd. 13, paragraph (b)
10A.022, subd. 3
10A.022, subd. 8
10A.022, subd. 4
10A.022, subd. 5, paragraph (a)
10A.022, subd. 7
10A.022, subd. 5, paragraph (b)
10A.02, subd. 13, paragraph (a)
10A.022, subd. 6

Sec. 30. **REPEALER.**

Minnesota Statutes 2014, section 10A.20, subdivision 1c, and Minnesota Rules, part 4503.1500, subpart 2, are repealed.

Sec. 31. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to campaign finance; modifying provisions related to the campaign finance and public disclosure board; making changes to provisions related to enforcement, registration, fees, data, contributions, statements of economic interest, and various other provisions administered by the board; providing penalties; making technical changes; amending Minnesota Statutes 2014, sections 10A.01, subdivisions 11, 26; 10A.02, subdivision 11; 10A.03, subdivision 3; 10A.08, subdivision 1; 10A.09, subdivisions 6, 10; 10A.14, subdivisions 1, 1a, 4; 10A.17, subdivision 4; 10A.20, subdivisions 1, 2, 3; 10A.25, subdivision 10; 10A.27, subdivision 1; 10A.273, subdivisions 1, 3; 10A.322, subdivision 4; 10A.34, by adding a subdivision; 13.607, subdivision 5, by adding a subdivision; 211A.01, subdivision 5; 211B.04; 211B.12; 211B.15, subdivisions 2, 11; 211B.37; repealing Minnesota Statutes 2014, section 10A.20, subdivision 1c; Minnesota Rules, part 4503.1500, subpart 2."

The motion prevailed and the amendment was adopted.

Sanders moved to amend S. F. No. 205, the third engrossment, as amended, as follows:

Page 1, delete section 1

Page 2, delete section 2

Page 17, delete section 23

Page 19, delete section 27

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Davnie was excused for the remainder of today's session.

S. F. No. 205, A bill for an act relating to campaign finance; modifying provisions related to the campaign finance and public disclosure board; making changes to provisions related to enforcement, registration, fees, data, contributions, statements of economic interest, and various other provisions administered by the board; providing penalties; making technical changes; amending Minnesota Statutes 2014, sections 10A.02, subdivision 11; 10A.03, subdivision 3; 10A.08, subdivision 1; 10A.09, subdivisions 6, 10; 10A.14, subdivisions 1, 1a, 4; 10A.17, subdivision 4; 10A.20, subdivisions 1, 2, 3; 10A.25, subdivision 10; 10A.27, subdivisions 1, 11, by adding a subdivision; 10A.322, subdivision 4; 10A.34, by adding a subdivision; 13.607, subdivision 5, by adding a subdivision; 211B.04; 211B.12; 211B.15, subdivision 2; repealing Minnesota Statutes 2014, section 10A.20, subdivision 1c; Minnesota Rules, part 4503.1500, subpart 2.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Hoppe	Lohmer	Nornes	Scott
Allen	Dill	Hornstein	Loon	Norton	Selcer
Anderson, M.	Drazkowski	Hortman	Loonan	O'Driscoll	Simonson
Anderson, P.	Erhardt	Howe	Lucero	O'Neill	Slocum
Anderson, S.	Erickson	Isaacson	Lueck	Pelowski	Smith
Anzelc	Fabian	Johnson, B.	Mack	Peppin	Sundin
Atkins	Fischer	Johnson, C.	Mahoney	Persell	Swedzinski
Backer	Franson	Johnson, S.	Marquart	Petersburg	Theis
Baker	Freiberg	Kahn	Masin	Peterson	Thissen
Barrett	Garofalo	Kelly	McDonald	Pierson	Torkelson
Bennett	Green	Kiel	McNamara	Pinto	Uglem
Bernardy	Gruenhagen	Knoblach	Melin	Poppe	Urdahl
Bly	Gunther	Koznick	Metsa	Pugh	Vogel
Carlson	Hackbarth	Kresha	Miller	Quam	Wagenius
Christensen	Halverson	Laine	Moran	Rarick	Ward
Clark	Hamilton	Lenczewski	Murphy, E.	Rosenthal	Whelan
Considine	Hancock	Lesch	Murphy, M.	Runbeck	Wills
Daniels	Hansen	Liebling	Nash	Sanders	Winkler
Davids	Heintzeman	Lien	Nelson	Schoen	Yarusso
Dean, M.	Hertaus	Lillie	Newberger	Schomacker	Youakim
Dehn, R.	Hilstrom	Loeffler	Newton	Schultz	Zerwas

The bill was passed, as amended, and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Peppin from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bill to be placed on the Supplemental Calendar for the Day for Saturday, May 16, 2015:

S. F. No. 1215.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 86:

Cornish, Scott and Schoen.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1003:

Laine, Nash and Uglem.

MOTIONS AND RESOLUTIONS

Schoen moved that the name of Johnson, C., be added as an author on H. F. No. 1141. The motion prevailed.

Pugh moved that her name be stricken as an author on H. F. No. 1714. The motion prevailed.

Kahn moved that the name of Applebaum be added as an author on H. F. No. 2166. The motion prevailed.

Selcer moved that the name of Lien be added as an author on H. F. No. 2333. The motion prevailed.

Masin moved that the name of Peterson be added as an author on H. F. No. 2337. The motion prevailed.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 11:00 a.m., Saturday, May 16, 2015. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed, and Speaker pro tempore O'Driscoll declared the House stands adjourned until 11:00 a.m., Saturday, May 16, 2015.

PATRICK D. MURPHY, Chief Clerk, House of Representatives