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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1717

03/10/2015 Authored by Johnson, C.; Gunther; Cornish; Considine; Vogel and others

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to retirement; including membership of certain Minnesota River Area
1.3 Agency on Aging employees in the Public Employees Retirement Association;
1.4 amending Minnesota Statutes 2014, section 353.01, subdivisions 2a, 6.

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

1.6 Section 1. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

1.7 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
1.8 whose annual salary from one governmental subdivision is stipulated in advance to exceed
1.9 \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year
1.10 employee and who are not specifically excluded under subdivision 2b or who have not
1.11 been provided an option to participate under subdivision 2d, whether individually or by
1.12 action of the governmental subdivision, must participate as members of the association
1.13 with retirement coverage by the general employees retirement plan under this chapter,
1.14 the public employees police and fire retirement plan under this chapter, or the local
1.15 government correctional employees retirement plan under chapter 353E, whichever
1.16 applies. Membership commences as a condition of their employment on the first day of
1.17 their employment or on the first day that the eligibility criteria are met, whichever is later.
1.18 Public employees include but are not limited to:

1.19 (1) persons whose salary meets the threshold in this paragraph from employment in
1.20 one or more positions within one governmental subdivision;

1.21 (2) elected county sheriffs;

1.22 (3) persons who are appointed, employed, or contracted to perform governmental
1.23 functions that by law or local ordinance are required of a public officer, including, but
1.24 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.

3.1 Sec. 2. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

3.2 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
3.3 county, city, town, school district within this state, or a department, unit or instrumentality
3.4 of state or local government, or any public body established under state or local
3.5 authority that has a governmental purpose, is under public control, is responsible for the
3.6 employment and payment of the salaries of employees of the entity, and receives a major
3.7 portion of its revenues from taxation, fees, assessments or from other public sources.

3.8 (b) Governmental subdivision also means the Public Employees Retirement
3.9 Association, the League of Minnesota Cities, the Association of Metropolitan
3.10 Municipalities, charter schools formed under section 124D.10, service cooperatives
3.11 exercising retirement plan participation under section 123A.21, subdivision 5, joint
3.12 powers boards organized under section 471.59, subdivision 11, paragraph (a), family
3.13 service collaboratives and children's mental health collaboratives organized under
3.14 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating
3.15 the collaboratives are governmental units that otherwise qualify for retirement plan
3.16 membership, public hospitals owned or operated by, or an integral part of, a governmental
3.17 subdivision or governmental subdivisions, the Association of Minnesota Counties, the
3.18 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the
3.19 Metropolitan Airports Commission, the University of Minnesota with respect to police
3.20 officers covered by the public employees police and fire retirement plan, the Minneapolis
3.21 Employees Retirement Fund for employment initially commenced after June 30, 1979, the
3.22 Range Association of Municipalities and Schools, soil and water conservation districts,
3.23 economic development authorities created or operating under sections 469.090 to 469.108,
3.24 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red
3.25 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake
3.26 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning
3.27 Center, the Minnesota River Area Agency on Aging, the Dakota County Agricultural
3.28 Society, and Hennepin Healthcare System, Inc.

3.29 (c) Governmental subdivision does not mean any municipal housing and
3.30 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
3.31 or any port authority organized under sections 469.048 to 469.089 other than the Port
3.32 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
3.33 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
3.34 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
3.35 of a family service collaborative or children's mental health collaborative organized

4.1 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
4.2 by representatives of governmental units.

4.3 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
4.4 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
4.5 governmental subdivision unless the entity has obtained a written advisory opinion from
4.6 the United States Department of Labor or a ruling from the Internal Revenue Service
4.7 declaring the entity to be an instrumentality of the state so as to provide that any future
4.8 contributions by the entity on behalf of its employees are contributions to a governmental
4.9 plan within the meaning of Internal Revenue Code, section 414(d).

4.10 (e) A public body created by state or local authority may request membership on
4.11 behalf of its employees by providing sufficient evidence that it meets the requirements in
4.12 paragraph (a).

4.13 (f) An entity determined to be a governmental subdivision is subject to the reporting
4.14 requirements of this chapter upon receipt of a written notice of eligibility from the
4.15 association.

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