

integration of facilities and other appropriate factors. The order of the commission may be reviewed as provided in section 216B.52. Commission expenses arising out of the exercise of its jurisdiction under this section shall be assessed to the municipality. For purposes of this section, a public utility shall include a cooperative electric association.

Sec. 8. Minnesota Statutes 1976, Section 216B.47, is amended to read:

216B.47 **ACQUISITION BY EMINENT DOMAIN.** Nothing in Laws 1974, Chapter 429 shall be construed to preclude a municipality from acquiring the property of a public utility by eminent domain proceedings; provided that damages to be paid in eminent domain proceedings shall include the original cost of the property less depreciation, loss of revenue to the utility, expenses resulting from integration of facilities, and other appropriate factors. For purposes of this section, a public utility shall include a cooperative electric association.

Sec. 9. Minnesota Statutes 1976, Section 216B.62, is amended by adding a subdivision to read:

Subd. 5. The commission shall be authorized to charge cooperative electric associations their proportionate share of the expenses incurred in the adjudication of service area disputes and all of the costs incurred in the adjudication of complaints over service standards and practices. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.02, subdivision 4, shall be subject to this section.

Sec. 10. Minnesota Statutes 1976, Sections 216B.48, Subdivision 7; 216B.49, Subdivision 6; 216B.50, Subdivision 2; and 216B.51, Subdivision 2 are repealed.

Sec. 11. This act shall be effective on the date following final enactment. This act is effective in respect to applications for rate changes pending before the commission on the effective date; and no refunds of increased rates put into effect after suspension in proceedings pending before the commission on the effective date shall be necessary.

Approved April 7, 1978.

CHAPTER 796-H.F.No.1861

[Coded in Part]

An act relating to retirement; miscellaneous amendments; administrative amendments to the public employees retirement law; modifying the rate of deferred annuity augmentation; modifying certain benefits and increasing contributions for legislators retirement; improving benefits and increasing contributions for constitutional officers; amending Minnesota Statutes 1976, Sections 3A.01, by adding subdivisions; 3A.02, Subdivisions 2 and 4, and by adding a subdivision; 3A.03, Subdivision 1; 352.72, Subdivision 2; 352B.30, Subdivision 2; 352C.01; 352C.04, Subdivisions 1, 2a, and by adding a subdivision; 352C.09, Subdivisions 1 and 2; 352C.091, by adding subdivisions; 353.01, Subdivisions 12, 16, and 20; 353.017, Subdivision

Changes or additions indicated by underline deletions by strikeout

2; 353.30, Subdivisions 1 and 1b, and by adding a subdivision; 353.31, Subdivision 1; 353.32, Subdivisions 5 and 9; 353.33, Subdivision 11; 353.34, Subdivision 6; 353.656, Subdivision 6; 353.657, Subdivision 1; 353.71, Subdivision 2; 354.41, by adding a subdivision; 354.55, Subdivision 11; 356.32, Subdivision 1; 422A.16, Subdivision 10; Chapter 352C, by adding sections; and Minnesota Statutes, 1977 Supplement, Sections 3A.02, Subdivision 1; 3A.04, Subdivisions 1 and 2; 353.01, Subdivision 2b; 353.03, Subdivision 1; 353.36, Subdivision 2; and 354.41, Subdivision 6; repealing Minnesota Statutes 1976, Sections 352C.02; 352C.03; 352C.05; 352C.06; 352C.08; and Minnesota Statutes, 1977 Supplement, Section 353.32, Subdivision 7.

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

Section 1. Minnesota Statutes 1976, Section 3A.01, is amended by adding a subdivision to read:

Subd. 7. AVERAGE MONTHLY SALARY. With regard to any member of the legislature whose service terminates prior to the beginning of the 1981 legislative session, "average monthly salary" means final monthly salary during the member's final term of office as a member of the legislature; and with regard to any member of the legislature whose service terminates after the beginning of the 1981 legislative session, "average monthly salary" means the average of the member's highest five successive years of salary received as a member of the legislature after the beginning of the 1981 legislative session, or all salary after the beginning of the 1981 legislative session if less than five years.

Sec. 2. Minnesota Statutes 1976, Section 3A.01, is amended by adding a subdivision to read:

Subd. 8. NORMAL RETIREMENT AGE. "Normal retirement age" means the age of 60 years with regard to any member of the legislature whose service terminates prior to the beginning of the 1981 legislative session, and the age of 62 years with regard to any member of the legislature whose service terminates after the beginning of the 1981 session.

Sec. 3. Minnesota Statutes, 1977 Supplement, Section 3A.02, Subdivision 1, is amended to read:

3A.02 RETIREMENT ALLOWANCE. Subdivision 1. QUALIFICATIONS. Any former legislator:

(1) Who has served at least eight six full years, without regard to the application of section 3A.10, subdivision 2, or who has served during all or part of four regular sessions as such member of the legislature, which service need not be continuous, but must have been after January 1, 1965 except as hereinafter provided; and

(2) Who attains the normal retirement age of 60 years; and

(3) Who has retired as a member of the legislature; and

Changes or additions indicated by underline deletions by ~~strikeout~~

(4) Who has made all contributions provided for in sections 3A.01 to 3A.10, or who has made payments in lieu of all contributions provided for in sections 3A.01 to 3A.10 as provided for in subdivision 2; shall be entitled upon written application to the director to receive a retirement allowance monthly of 40 percent in an amount equal to five percent per year of service, not to exceed eight years of service, of that member's final average monthly salary during the final term of office as a member of the legislature beginning with the first day of the month of receipt of such application and for the remainder of his life, provided he is not serving as a member of the legislature or as a constitutional officer or commissioner.

In addition to the amount provided above, the retired member who meets the qualifications of clauses (1), (2), (3) and (4) shall receive for every year of service over eight years a monthly allowance which equals two and one-half percent of the average monthly salary determined pursuant to clause (4).

Notwithstanding clause (4), a member shall receive two and one-half percent of the average monthly salary determined pursuant to clause (4) for each year of service served after the beginning of the 1979 legislative session, Any member who has served during all or part of four regular sessions shall be deemed to have served eight years as a member of the legislature.

The retirement allowance shall cease with the last payment which had accrued to the retired legislator during his lifetime except that the surviving spouse, if any, shall be entitled to the retirement allowance for the calendar month in which the retired legislator died.

Effective for service rendered after the beginning of the 1981 legislative session, no member may accrue credit for more than 20 years service, nor shall member contributions thereafter be required for more than 20 years service.

For the purposes of this chapter the term salary shall not be deemed to include any additional payments provided by law for legislative leadership positions.

This subdivision is applicable to members of the legislature who terminate service after January 1, 1973, and to any widow or dependent child of any such member. Clauses (1) and (2) shall also be applicable to any former legislator who applies for a deferred annuity after June 5, 1975. Any former legislator who was in office on or after January 1, 1965, who had at least eight years of service but less than ten years of service as a member of the legislature, and who took a refund of his contributions, may upon application to the director repay to the director for credit to his account all refundments taken plus interest thereon at six percent per annum compounded annually. Upon repayment of the refundment, he shall then be entitled when otherwise qualified to a retirement allowance pursuant to subdivision 1, provided however that the retirement allowance shall be based on his salary at the time of his termination of service as a member of the legislature.

Sec. 4. Minnesota Statutes 1976, Section 3A.02, is amended by adding a subdivision to read:

Changes or additions indicated by underline deletions by ~~strikeout~~

Subd. 1b. REDUCED RETIREMENT ALLOWANCE. Upon separation from service after the beginning of the 1981 legislative session, a former member of the legislature who has attained the age of at least 60 years and who is otherwise qualified in accordance with subdivision 1 is entitled upon making written application on forms supplied by the director to a retirement allowance in an amount equal to the retirement allowance specified in subdivision 1 reduced by one-half of one percent for each month that the former member of the legislature is under age 62.

Sec. 5. Minnesota Statutes 1976, Section 3A.02, Subdivision 2, is amended to read:

Subd. 2. PAYMENT FOR PAST SERVICE. Any member of the legislature who is a member on July 1, 1965 or thereafter, may, notwithstanding the provisions of subdivision 1, clause (1), receive credit for service rendered as a member of the legislature prior to July 1, 1965, and the pension based thereon provided that he pays to the director for credit to his account an amount equal to ~~eight~~ nine percent of all salary received by him for all periods of service rendered by him as a member of the legislature, even if such periods are not continuous and exceed ten years in duration. Such payment may be made at any time after the commencement of any regular session of the legislature of which he is a member.

Sec. 6. Minnesota Statutes 1976, Section 3A.02, Subdivision 4, is amended to read:

Subd. 4. DEFERRED ANNUITIES AUGMENTATION. The deferred annuity of any former legislator shall be augmented as provided herein. The required reserves applicable to the deferred annuity, determined as of the date the benefit begins to accrue using an appropriate mortality table and an interest assumption of five percent, shall be augmented by interest at the rate of five percent per annum compounded annually from the ~~date of first of the month following~~ date of first of the month following termination of service, or July 1, 1973, whichever is later, to the first day of the month in which the annuity begins to accrue, at the rate of five percent per annum compounded annually until January 1, 1981, and thereafter at the rate of three percent per annum compounded annually.

Sec. 7. Minnesota Statutes 1976, Section 3A.03, Subdivision 1, is amended to read:

3A.03 CONTRIBUTIONS. Subdivision 1. **PERCENTAGE.** Every member of the legislature shall contribute ~~eight~~ nine percent of his total salary, by payroll deduction, to be paid into the state treasury and deposited in the general fund. It shall be the duty of the director to record the periodic contributions of each member of the legislature and credit such contribution to the member's account.

Sec. 8. Minnesota Statutes, 1977 Supplement, Section 3A.04, Subdivision 1, is amended to read:

3A.04 SURVIVOR BENEFIT. Subdivision 1. **SURVIVING SPOUSE.** Upon the death of a member of the legislature while serving as such member after June 30, 1973, or upon the death of a former member of the legislature with at least ~~eight~~ the number of years of service as required by section 3A.02, subdivision 1, clause (1), the surviving spouse shall be paid a survivor benefit in the amount of one-half of the retirement

Changes or additions indicated by underline deletions by strikeout

allowance of the member of the legislature computed as though the member were at least normal retirement age 60 on the date of his death and based upon his allowable service or eight years whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a former legislator receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the allowance being paid to the legislator. Such benefit shall be paid during the lifetime of the surviving spouse, but shall cease and terminate upon the remarriage of the surviving spouse.

Sec. 9. Minnesota Statutes, 1977 Supplement, Section 3A.04, Subdivision 2, is amended to read:

Subd. 2. **DEPENDENT CHILDREN.** Upon the death of a member of the legislature while serving as such member after June 30, 1973, or upon the death of a former member of the legislature with at least ~~eight~~ the number of years of service as required by section 3A.02, subdivision 1, clause (1), each dependent child of such member shall be paid a survivor benefit in the following amount: First dependent child, a monthly allowance which equals 25 percent of the monthly retirement allowance of the member of the legislature computed as though the member were at least normal retirement age 60 on the date of his death and based upon his allowable service or eight years whichever is greater; for each additional dependent child, a monthly allowance which equals 12 1/2 percent of the monthly retirement allowance of the member computed as in the case of the first child; but the total amount paid to the surviving spouse and dependent children shall not exceed in any one month 100 percent of the monthly retirement allowance of the member computed as in the case of the first child. The augmentation provided in section 3A.02, subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a former legislator receiving a retirement allowance, the surviving dependent child shall be entitled to the applicable percentage of the amount of the allowance being paid to the former legislator. The payments for dependent children shall be made to the surviving spouse or the guardian of the estate of the dependent children, if there is one. A posthumous child qualifies as a dependent child for benefits provided herein from the date of its birth.

Sec. 10. Minnesota Statutes 1976, Section 352.72, Subdivision 2, is amended to read:

Subd. 2. **COMPUTATION OF DEFERRED ANNUITY.** The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, shall be computed in the manner provided in section 352.22, subdivision 3, and acts amendatory thereof, on the basis of allowable service prior to termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity shall be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose shall be five percent compounded annually until January 1, 1981, and thereafter three percent compounded annually. If a person has more than one period of

Changes or additions indicated by underline deletions by ~~strikeout~~

uninterrupted service, the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the present value of the annuity. Uninterrupted service for the purpose of this subdivision shall mean periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refundment, the service restored by such repayment shall be considered as continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee. The mortality table and interest assumption used to compute such annuity shall be those in effect at the time the employee files application for annuity. This section shall not reduce the annuity otherwise payable under this chapter.

Sec. 11. Minnesota Statutes 1976, Section 352B.30, Subdivision 2, is amended to read:

Subd. 2. **COMPUTATION OF DEFERRED ANNUITY.** Deferred annuities shall be computed in the manner provided by this chapter and acts amendatory thereof, on the basis of allowable service prior to termination of service and augmented as provided herein. The required reserves applicable to a deferred annuity shall be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose shall be five percent per annum compounded annually until January 1, 1981, and thereafter three percent per annum compounded annually. The mortality table and interest assumption used to compute such annuity shall be those in effect at the time the member files application for annuity.

Sec. 12. Minnesota Statutes 1976, Section 352C.01, is amended to read:

352C.01 LEGISLATIVE FINDING AND INTENT. The legislature finds that service to Minnesota in the capacity of a constitutional officer or commissioner as defined in ~~sections 352C.01 to 352C.09~~ section 13 of this act constitutes a unique contribution to the state and that such service is dissimilar to any other public employment. The legislature further finds that service as a constitutional officer or commissioner for a period of ~~ten~~ eight years or longer deprives the individual so serving of normal opportunities to establish retirement benefits in his usual vocational pursuit and justifies adoption of special retirement provisions. The provisions of ~~sections 352C.01 to 352C.09~~ this chapter are intended by the legislature to reflect the unique nature of service as a constitutional officer or commissioner and to have due regard for the unusual disruption of normal retirement planning that such service entails.

Sec. 13. Minnesota Statutes 1976, Chapter 352C, is amended by adding a section to read:

[352C.021] DEFINITIONS. Subdivision 1. TERMS. For purposes of this chapter, the following terms shall have the meanings given to them unless the language or context clearly indicates that a different meaning is intended.

Changes or additions indicated by underline deletions by ~~strikeout~~

Subd. 2. CONSTITUTIONAL OFFICER. "Constitutional officer" means a person who was duly elected and qualified and is serving as governor, lieutenant governor, attorney general, secretary of state, state auditor or state treasurer of the state of Minnesota.

Subd. 3. COMMISSIONER. "Commissioner" means a person who was duly elected and qualified and is serving as an elected member of the public service commission of the state of Minnesota.

Subd. 4. FORMER CONSTITUTIONAL OFFICER OR COMMISSIONER. "Former constitutional officer or commissioner" means a person who has ceased to be a constitutional officer or commissioner subsequent to April 21, 1976 for any reason, including but not limited to the expiration of the term of office for which the person was elected, retirement or death.

Subd. 5. SURVIVING SPOUSE. "Surviving spouse" means the unmarried spouse of a deceased constitutional officer or commissioner or former constitutional officer or commissioner.

Subd. 6. DEPENDENT CHILD. "Dependent child" means any natural or adopted child of a deceased constitutional officer or commissioner or a deceased former constitutional officer or commissioner who is under the age of 18, or who is under the age of 22 and is a full time student, and who in either case is unmarried and was actually dependent for more than one-half of his support upon the constitutional officer or commissioner or the former constitutional officer or commissioner for a period of least 90 days immediately prior to the death of the constitutional officer or commissioner or the former constitutional officer or commissioner. The term shall also include a posthumous child of the constitutional officer or commissioner or the former constitutional officer or commissioner.

Subd. 7. ALLOWABLE SERVICE. "Allowable service" means any years or months of service as a constitutional officer or as a commissioner, for which service the person made the contributions required by section 352C.09 on a current basis. The service need not be continuous. For any constitutional officer or commissioner or former constitutional officer or commissioner in office on or before July 1, 1967, allowable service shall include any service as a constitutional officer or commissioner prior to July 1, 1967 notwithstanding that the person did not make concurrent contributions as required by section 352C.09.

Subd. 8. DIRECTOR. "Director" means the executive director of the Minnesota state retirement system.

Sec. 14. Minnesota Statutes 1976, Chapter 352C, is amended by adding a section to read:

[352C.031] RETIREMENT ALLOWANCE. Subdivision 1. UNREDUCED RETIREMENT ALLOWANCE. Upon separation from service, a former constitutional officer or commissioner who has attained the age of at least 62 years and who has at least

Changes or additions indicated by underline deletions by strikethrough

eight years of allowable service is entitled upon making written application on forms supplied by the director to a normal retirement allowance.

Subd. 2. REDUCED RETIREMENT ALLOWANCE. Upon separation from service, a former constitutional officer or commissioner who has attained the age of at least 60 years and who has at least eight years of allowable service is entitled upon making written application on forms supplied by the director to a retirement allowance in an amount equal to a normal retirement allowance reduced by one-half of one percent for each month that the former constitutional officer or commissioner is under age 62.

Subd. 3. AVERAGE SALARY. Average salary for purposes of calculating the normal retirement allowance pursuant to subdivision 4 shall mean the average of the highest five successive years of salary upon which contributions have been made pursuant to section 352C.09.

Subd. 4. RETIREMENT ALLOWANCE FORMULA. The average salary multiplied by two and one-half percent for each year of allowable service and pro rata for completed months less than a full year shall determine the amount of the normal retirement allowance.

Subd. 5. BENEFIT ACCRUAL AND TERMINATION. The benefit shall begin to accrue the first day of the month in which the application is received by the director but in no event earlier than the day following the termination of service or the attainment of the age required to receive such benefit, whichever is later. Thereafter, benefits shall be paid on the first day of each calendar month for that month. The benefit shall cease with the payment for the month in which the retired constitutional officer or commissioner died.

Sec. 15. Minnesota Statutes 1976, Chapter 352C, is amended by adding a section to read:

[352C.033] DEFERRED ANNUITIES AUGMENTATION. The deferred retirement allowance for any former constitutional officer or commissioner shall be augmented as provided in this section. The required reserves applicable to the deferred retirement allowance, determined as of the date the retirement allowance begins to accrue using the appropriate mortality table and an interest assumption of five percent, shall be augmented from the first of the month following termination of service as a constitutional officer or commissioner, or January 1, 1979, whichever is later, to the first day of the month in which the annuity begins to accrue, at the rate of five percent per annum compounded annually until January 1, 1981, and thereafter at the rate of three percent per annum compounded annually.

Sec. 16. Minnesota Statutes 1976, Section 352C.04, Subdivision 1, is amended to read:

352C.04 SPOUSE'S AND DEPENDENT CHILDREN'S SURVIVOR BENEFITS. Subdivision 1. **SURVIVING SPOUSE BENEFIT.** Upon the death of a constitutional officer or commissioner while serving in such office, or a former

Changes or additions indicated by underline deletions by ~~strikeout~~

constitutional officer or commissioner with at least eight years of allowable service, the surviving spouse is entitled to a survivor benefit in the amount of one-half of the retirement allowance of ~~such~~ the constitutional officer or commissioner or the former constitutional officer or commissioner computed as though ~~such~~ the constitutional officer or commissioner or the former constitutional officer or commissioner were at least age 65 62 on the date of death and based upon the attained allowable service or eight years, whichever is greater. The augmentation provided in section 15 of this act, if applicable, shall be applied to the month of death. Upon the death of a former constitutional officer or commissioner receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the retirement allowance being paid to the former constitutional officer or commissioner as of the date of death. Such benefit shall be paid to a surviving spouse eligible therefor during the remainder of the spouse's natural life or until remarriage. Upon remarriage such spouse shall no longer be eligible for such benefit except as provided in Minnesota Statutes, 1975 Supplement, Section 356.31.

Sec. 17. Minnesota Statutes 1976, Section 352C.04, Subdivision 2a, is amended to read:

Subd. 2a. **SURVIVING DEPENDENT CHILD BENEFIT.** Upon the death of a constitutional officer or commissioner while serving in ~~such~~ office, or a former constitutional officer or commissioner with at least eight years of allowable service, each dependent child of ~~such deceased constitutional officer or commissioner~~ shall be paid a survivor benefit in the following amount: First dependent child, a monthly benefit which equals 25 percent of the monthly retirement allowance of the constitutional officer or commissioner computed as though the constitutional officer or commissioner or the former constitutional officer or commissioner were at least age 65 62 on the date of his death and based upon the attained allowable service ~~for~~ or eight years, whichever is greater; for each additional dependent child or a monthly benefit which equals 12 1/2 percent of the monthly retirement allowance of the constitutional officer or commissioner or the former constitutional officer or commissioner computed as in the case of the first child; but the total amount paid to the surviving spouse and dependent children shall not exceed in any one month 100 percent of the monthly allowance of the constitutional officer or commissioner or the former constitutional officer or commissioner computed as in the case of the first child. The augmentation provided in section 16 of this act, if applicable, shall be applied to the month of death. Upon the death of a former constitutional officer or commissioner receiving a retirement allowance, the surviving dependent child shall be entitled to the applicable percentage of the amount of the retirement allowance being paid to the former constitutional officer or commissioner as of the date of death. The payments for dependent children shall be made to the surviving spouse or the guardian of the estate of the dependent child, if there is one. A posthumous child qualifies as a dependent child for benefits provided herein from the date of its birth.

Sec. 18. Minnesota Statutes 1976, Section 352C.04, is amended by adding a subdivision to read:

Subd. 4. APPLICATION FOR SURVIVOR BENEFITS. A surviving spouse or a guardian of the estate of the dependent child or children entitled to the payment of benefits under this section shall file an application for the benefit with the director, and

Changes or additions indicated by underline deletions by ~~strikeout~~

payment shall commence as of the first day of the month next following the filing of the application and shall be retroactive to the first of the month following the death of the constitutional officer or commissioner or the former constitutional officer, or commissioner; provided, however, that no payment shall be retroactive for more than 12 months prior to the month in which the application is filed with the director. Such benefits shall be paid on the first day of each calendar month for that month. The surviving spouse benefit shall cease with the payment for the month in which the surviving spouse dies or remarries as the case may be. The dependent child's benefit shall cease with the payment for the month in which the child no longer qualifies for payment as a dependent child.

Sec. 19. Minnesota Statutes 1976, Chapter 352C, is amended by adding a section to read:

[352C.051] COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION. Subdivision 1. ENTITLEMENT TO ANNUITY; LEGISLATIVE SERVICE. Any constitutional officer or commissioner who has been a member of the legislature with service credited pursuant to chapter 3A shall be entitled when qualified to a retirement allowance from the legislator's retirement plan and the elective state officers plan if the total allowable service for which the person has credit in the two plans totals eight or more years, provided that no portion of the allowable service upon which the retirement allowance from one plan is based, is again used in the computation for benefits from the other plan. The retirement allowance from each plan shall be determined by the appropriate provisions of the law governing each plan, except that the requirement that a person must have at least eight years of allowable service in the respective plan shall not apply for purposes of this section, provided that the aggregate service in the two plans equals eight or more years. The augmentation of deferred annuities provided in section 3A.02, subdivision 4, and section 15 of this act, shall apply to the retirement allowances accruing hereunder.

Subd. 2. ENTITLEMENT TO ANNUITY; PUBLIC RETIREMENT SERVICE. Any constitutional officer or commissioner who has been an employee covered by the Minnesota state retirement system, or a member of the public employees retirement association including the public employees retirement association police and fire fund, or the teachers retirement association, or the Minneapolis municipal employees retirement fund, or the highway patrol retirement association, or any other public employee retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police and firefighters, shall be entitled when qualified to an annuity from each fund if the person's total allowable service for which he has credit in all funds or in any two of these funds totals ten or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund. The annuity from each fund shall be determined by the appropriate provisions of the law governing each fund, except that the requirement that a person must have at least ten years allowable service in the respective system or association shall not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals ten or more years. The augmentation of deferred annuities provided in section 15 of this act shall apply to the annuities accruing hereunder.

Changes or additions indicated by underline deletions by ~~strikeout~~

Subd. 3. REFUND REPAYMENT. Any former constitutional officer or commissioner who has received a refund as provided in section 352C.09, subdivision 2, who is a currently contributing member of a retirement fund specified or enumerated in subdivisions 1 or 2, may repay the refund to the elective state officers retirement plan, with interest at six percent per annum compounded annually.

Sec. 20. Minnesota Statutes 1976, Section 352C.09, Subdivision 1, is amended to read:

352C.09 CONTRIBUTIONS. Subdivision 1. Every constitutional officer or commissioner shall contribute eight percent of his or her total salary beginning the first full pay period after July 1, 1976, and nine percent of his or her total salary beginning the first full pay period after January 1, 1979, by payroll deduction, to be paid into the state treasury and deposited in the general fund. In case of retirement any unpaid deductions shall be deducted from any retirement allowance that becomes payable. All deductions and payments, if any, in lieu of deductions are to be paid into the state treasury and deposited in the general fund. It shall be the duty of the ~~executive~~ director of the ~~Minnesota state retirement system~~ to record the contributions of each constitutional officer or commissioner and credit such contribution to such officer's or commissioner's account.

Sec. 21. Minnesota Statutes 1976, Section 352C.09, Subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner and is not receiving; and has not received, or is not entitled to receive any allowance or benefit under the provisions of ~~sections 352C.01 to 352C.09~~ this chapter is entitled to receive upon application to the executive director of the ~~Minnesota state retirement system~~ a ~~refundment refund~~ of all contributions credited to his account without interest thereon. The moneys required for ~~such refundments~~ the refunds are appropriated annually to the director from the general fund in the state treasury.

(2) The ~~refundment refund~~ of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his survivors under the provisions of ~~sections 352C.01 to 352C.09~~ this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a ~~refundment refund~~ as provided above, he shall be considered a new member for all purposes and such ~~refundment refund~~ may not be repaid for any credit or benefit whatever.

(3) No person shall be required to apply for or accept a ~~refundment refund~~.

Sec. 22. Minnesota Statutes 1976, Section 352C.091, is amended by adding a subdivision to read:

Subd. 3. Sections 12 to 22 shall apply to constitutional officers and commissioners in office on and after July 1, 1977. Any constitutional officer or commissioner in office on

Changes or additions indicated by underline deletions by ~~strikeout~~

the effective date of this act shall be entitled to elect to have his retirement allowance computed pro rata under the provisions of Minnesota Statutes 1976, Chapter 352C for all service prior to the effective date of this act and the provisions of this chapter, as amended by this act, for all service subsequent to the effective date of this act, or to have his retirement allowance computed entirely under the provisions of this chapter, as amended by this act. Any former constitutional officer or commissioner who terminated active service prior to July 1, 1977 but has not yet applied to receive a retirement allowance under the provisions of this chapter shall be entitled to apply for and commence receipt of a retirement allowance at the age specified in section 14, subdivision 1, of this act, be covered by the deferred annuities augmentation provision contained in section 16 of this act, and be included in the coverage by more than one retirement system provision set forth in section 19 of this act.

Sec. 23. Minnesota Statutes, 1977 Supplement, Section 353.01, Subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following persons are excluded from the meaning of "public employee":

(a) Persons employed for professional services where such service is incidental to regular professional duties.

(b) Election officers.

(c) Independent contractors and their employees.

(d) Patient and inmate help in governmental subdivision charitable, penal and correctional institutions.

(e) Members of boards, commissions, bands and others who serve the governmental subdivision intermittently.

(f) Employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$250 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service.

(g) Part time employees who receive monthly compensation not exceeding \$250, and part time employees and elected officials whose annual compensation is stipulated in advance to be not more than \$3,000 per year, except that members shall continue their membership until termination of public service.

(h) Persons who first occupy an elected office after February 1, 1969, the compensation for which does not exceed \$150 per month.

Changes or additions indicated by underline deletions by ~~strikeout~~

(i) *Emergency employees who are employed by reason of work caused by fire, flood, storm or similar disaster.*

(j) Employees who by virtue of their employment are required to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a governmental subdivision, except as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; provided that this clause shall not prevent a person who belongs from contributing to the public employees retirement association from and also belonging to or contributing to a volunteer firemen's relief association that does not determine its benefits or contributions on the basis of the salary or compensation of the fireman another public pension fund for other service occurring during the same period of time.

(k) Police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority.

(l) *Chaplains and nuns who have taken a vow of poverty as members of a religious order.*

(m) Full time students who are enrolled and are regularly attending classes at an accredited school, college or university; provided, no full time public employees shall be exempt under this paragraph and any such employees presently exempt hereunder shall become members as of July 1, 1976.

(n) Resident physicians, medical interns and pharmacist interns who are serving in public hospitals.

(o) Appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971.

(p) Nothing in Laws 1973, Chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, Chapter 793.

(q) Town, city or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$250 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment.

Sec. 24. Minnesota Statutes 1976, Section 353.01, Subdivision 12, is amended to read:

Subd. 12. **TEMPORARY LAYOFF.** "Temporary layoff" or "~~seasonal leave of absence~~" including seasonal leave of absence, mean a suspension of public employment for a period not exceeding three and one-half months in any calendar year, by action of the employing governmental subdivision evidenced by appropriate record of the employer

Changes or additions indicated by underline deletions by strikeout

and promptly transmitted to the association.

Sec. 25. Minnesota Statutes 1976, Section 353.01, Subdivision 16, is amended to read:

Subd. 16. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Service during years of actual membership in the course of which employee contributions were currently made; periods covered by payments in lieu of salary deductions made as provided in section 353.35, and service in years during which the public employee was not a member but for which he later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

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

(3) Any period of authorized leave of absence without pay ~~or temporary layoff~~, during or for which a member obtained credit by payments to the fund made in lieu of salary deductions, provided that such payments are made in an amount or amounts based on his average salary on which deductions were paid (a) for the last six months of public service, or (b) that portion of the last six months while he was in public service, to apply to the period in either case immediately preceding commencement of such leave of absence ~~or temporary layoff~~; provided, however, that if the employee elects to pay employee contributions for the period of any leave of absence without pay ~~or temporary layoff~~, or for any portion thereof, he shall also, as a condition to the exercise of such election, pay to the fund an amount equivalent to both the required employer and additional employer contributions therefor, such payment to be made currently or within one year from the date the leave of absence ~~or temporary layoff~~ terminates, unless the employer by appropriate action of its governing body and made a part of its official records, prior to the date of the first payment of such employee contribution, certifies to the association in writing that it will cause to be paid such employer and additional employer contributions from the proceeds of a tax levy made pursuant to section 353.28. Payments under this clause shall include interest at the rate of six percent per annum from the date of the termination of the leave of absence ~~or temporary layoff~~ to the date payment is made.

(4) Any period during which a member is on an authorized sick leave of absence, with or without pay, ~~an authorized seasonal leave of absence~~, or an authorized temporary layoff.

(5) Any period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service pursuant to section 192.262, and pays into the fund employee contributions based upon his salary at the date of return from military service. The amount of these contributions shall be in accord with the contribution rates and salary limitations, if any, in effect during such leave, plus interest thereon at six percent per annum compounded annually from the date of return to public service to the date payment is made. In such cases the matching employer contribution and additional

Changes or additions indicated by underline deletions by ~~strikeout~~

employer contribution provided in section 353.27, subdivisions 3 and 3a, shall be paid by the department employing such member upon his return to public service and the governmental subdivision involved is hereby authorized to appropriate money therefor. Such member shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty.

Sec. 26. Minnesota Statutes 1976, Section 353.01, Subdivision 20, is amended to read:

Subd. 20. **DEPENDENT SPOUSE.** "~~Dependent~~ Surviving spouse" means the unremarried spouse of a deceased member who was living with ~~and dependent for more than one-half of support upon~~ the member at the time of death, or at the time the member became totally and permanently disabled.

Sec. 27. Minnesota Statutes 1976, Section 353.017, Subdivision 2, is amended to read:

Subd. 2. **ELECTION.** A person described in subdivision 1 will be covered by the association if written election to be covered is delivered to the board ~~before July 1, 1976 or before July 1, 1978~~ or within 30 days of being employed by such labor organization, whichever is later.

Sec. 28. Minnesota Statutes, 1977 Supplement, Section 353.03, Subdivision 1, is amended to read:

353.03 BOARD OF TRUSTEES. Subdivision 1. **MANAGEMENT; COMPOSITION; ELECTION.** The management of the public employees retirement fund is hereby vested in a board of trustees consisting of 15 members, who shall be known as the board of trustees. This board shall consist of ~~three~~ four trustees, one of whom shall be designated by each of the following associations or organizations, Minnesota school boards association, League of Minnesota Cities, ~~and~~ Association of Minnesota Counties and the executive committee of the statewide general labor organization which includes among its membership the employee organizations, as defined in section 179.63, subdivision 5, which represent the largest number of employees who are association members; nine area trustees, who shall be elected from the membership employed in one of the areas described below by the members employed in such area except members of the police and fire fund; one trustee who shall be a retired annuitant elected at large by other annuitants; and one trustee who is a member of the police and fire fund elected at large by the membership of the police and fire fund. ~~The remaining trustee shall be elected prior to January 1 by the governing bodies of employee organizations, as defined in section 179.63, subdivision 5, representing association employees; provided that in making the election each employee organization shall have one vote for each association employee it represents. The respective governing bodies shall implement and administer a system for the election of this member and the filling of vacancies; and any dispute in the election process shall be resolved by the secretary of state.~~ Elected trustees shall hold office for a term of four years. For seven days beginning December 1 of each year, the association shall accept at its office filings in person or by mail of candidates for the

Changes or additions indicated by underline deletions by strikeout

board of trustees. An area candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund from the area of the candidate, a retired annuitant candidate, a nominating petition signed by 25 or more such annuitants, and a police and fire fund candidate, a nominating petition signed by 25 or more members of such fund. No nominee may withdraw his name from nomination after December 15. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members and annuitants ballots listing the candidates. No member may vote for more than one candidate but a blank line shall be provided for a write in vote. A ballot indicating a vote for more than one person shall be void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund shall be January 31. Except as provided in this section, all terms expire on January 31 of the fourth year, and the position shall remain vacant until the newly elected member is qualified. The ballot envelopes shall be so designed and the ballots shall be counted in such a manner as to insure that each vote is secret. For the purpose of electing the nine area trustees, the state shall be divided into three areas as follows: Area one shall include Anoka, Hennepin, Ramsey and Washington counties. Area two shall include Big Stone, Swift, Kandiyohi, Meeker and Wright counties and all counties south thereof, except counties in area one. Area three shall include all the remaining counties of the state. If any governmental unit is located in more than one area, place of employment shall be deemed to be in the area in which the main office of the governmental unit is located. Each year for three years one area trustee shall be elected to a four-year term from each area by the members employed in the respective areas. In the fourth year one trustee shall be elected at large by the police and fire fund membership and one trustee elected at large by the annuitants.

Notwithstanding the foregoing, however, in order to provide for a transition to regional elections, in the year 1978 only, a retired trustee shall be elected by the annuitants, and three trustees shall be elected from each of the three areas by the members of the area who may vote for only one candidate. The annuitant candidate receiving the most votes shall serve a three-year term, the candidate in each area receiving the largest number of votes shall serve a four-year term, the candidate in each area receiving the second largest number of votes shall serve a two-year term and the candidate in each area receiving the third largest number of votes shall serve a one-year term. The elections shall be supervised by the secretary of state. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers of the governmental subdivisions which aid in financing it and the public employees who are its beneficiaries.

Sec. 29. Minnesota Statutes 1976, Section 353.30, Subdivision 1, is amended to read:

353.30 ANNUITIES UPON RETIREMENT. Subdivision 1. Upon separation from public service any person who has attained the age of at least 58 years but not more than 65 years and who received credit for not less than 20 years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, ~~reduced by one-half of one percent for each month that the member is under age 65 at the time of retirement so that the reduced~~

Changes or additions indicated by underline deletions by ~~strikeout~~

annuity shall be the actuarial equivalent of the annuity which would be payable to the member if the member deferred receipt of the annuity from the date of retirement to age 65.

Sec. 30. Minnesota Statutes 1976, Section 353.30, Subdivision 1b, is amended to read:

Subd. 1b. Any person with 30 years or more of allowable service credit who elects early retirement under subdivision 1, shall receive an annuity reduced by ~~one-half of one percent for each month that such person is under age 62 at the time of retirement so that~~ the reduced annuity shall be the actuarial equivalent of the annuity which would be payable to the member if the member deferred receipt of the annuity from the date of retirement to age 62.

Sec. 31. Minnesota Statutes 1976, Section 353.30, is amended by adding a subdivision to read:

Subd. 1c. EARLY RETIREMENT AT AGE 62; REDUCTION IN ANNUITY. Any person who has attained the age of at least 62 years but not more than 65 years, and who received credit for not less than ten years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, reduced so that the reduced annuity shall be the actuarial equivalent of the annuity which would be payable to the member if the member deferred receipt of the annuity from the date of retirement to age 62.

Sec. 32. Minnesota Statutes 1976, Section 353.31, Subdivision 1, is amended to read:

353.31 SURVIVOR BENEFITS. Subdivision 1. BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT. Upon the death of a "basic member" before retirement or upon the death of a "basic member" who was disabled and receiving disability benefits pursuant to section 353.33 at the time of his death who has had at least 18 months of credited allowable service, his surviving ~~dependent~~ spouse and dependent children, as defined in section 353.01, subdivisions 15 and 20, shall receive the monthly benefit provided below:

- | | |
|--------------------------------|--|
| (a) Surviving dependent spouse | 30 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding death |
| (b) Each dependent child | 10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding death |

Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal

Changes or additions indicated by underline deletions by ~~strikeout~~

guardian of such child. The maximum monthly benefit for any one family shall not exceed \$450, and the minimum benefit per family shall not be less than 30 percent of the "basic member's" said average salary, subject to the aforementioned maximum. The surviving ~~dependent~~ spouse benefit shall terminate upon his or her remarriage, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Any survivor of a "basic member" whose average salary was less than \$75 per month shall not be entitled to the benefits provided in this subdivision.

Under the terms of this subdivision there are no survivor benefits, as such, payable to the surviving spouse or dependent children of any deceased "coordinated member."

Sec. 33. Minnesota Statutes 1976, Section 353.32, Subdivision 5, is amended to read:

Subd. 5. **\$1,500 OR LESS, LIMITED.** If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for refund of the sum to the credit of such decedent, and the amount of the refund is ~~\$500~~ \$1,500 or less, the board of trustees may 90 days after the date of death in the absence of probate proceedings, make payment to the surviving spouse of the said decedent, or, if none, to the next of kin under the laws of descent of the state of Minnesota. Such payment shall be a bar to recovery by any other person or persons. Any retirement annuity, disability or survivor benefit which shall have accrued at the time of death of an annuitant, disabilitant or survivor may be paid in like manner.

Sec. 34. Minnesota Statutes 1976, Section 353.32, Subdivision 9, is amended to read:

Subd. 9. **PAYMENT TO A MINOR.** If a member or former member dies having named as his beneficiary a person who is a minor at the time of the application for refund and the amount of the refund does not exceed ~~\$500~~ \$1,500, exclusive of interest, the board of trustees in the absence of guardianship or probate proceedings may make payment to the natural guardian having custody of such minor beneficiary, for the benefit of such child. Any annuity or disability benefit payable at the time of death of an annuitant or recipient of a disability benefit, which is payable to a beneficiary who is a minor, may be paid in the same manner. Such payment shall be a bar to recovery by any other person or persons.

Sec. 35. Minnesota Statutes 1976, Section 353.33, Subdivision 11, is amended to read:

Subd. 11. **RETIREMENT STATUS AT AGE 65.** No person shall be entitled to receive disability benefits and a retirement annuity at the same time. The disability benefits paid to a person hereunder shall terminate when he reaches age 65, if he is still totally and permanently disabled. At that time he shall be deemed to be on retirement status and may at his option be paid either a normal retirement annuity as provided in section 353.29 or normal retirement annuity equal to the disability benefit paid to him

Changes or additions indicated by underline deletions by ~~strikeout~~

before he reached age 65, whichever amount is greater. Any disabled person who becomes age 65 after June 30, 1973, shall have his annuity computed in accordance with the law in effect on July 1, 1973 upon attainment of age 65. A person who elects an annuity under section 353.29 may, prior to age 65, select an optional annuity pursuant to section 353.30, subdivision 3.

Sec. 36. Minnesota Statutes 1976, Section 353.34, Subdivision 6, is amended to read:

Subd. 6. **ADDITIONS TO FUND.** The board of trustees may credit to the fund any moneys received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise. ~~Refundable accumulated deductions of any former member, if unclaimed for a period of five years after separation from public service, shall be credited to a donations suspense account. The board of trustees may pay refunds of accumulated deductions, from such donations suspense account, upon proper application therefor. After the refundable accumulated deductions of any former member have remained in such donations suspense account for a period of ten years, without application for a refund thereof having been made, such deductions shall be transferred to and credited to the retirement fund proper. In the event the former member should return to public service, the amount so credited to the retirement fund shall be restored to his individual account.~~

Sec. 37. Minnesota Statutes, 1977 Supplement, Section 353.36, Subdivision 2, is amended to read:

Subd. 2. **EMPLOYEE CONTRIBUTIONS; INTEREST; MATCHING PAYMENT.** A person who has at least one year of allowable service with the association and who has prior public service on which salary deductions were not taken for the retirement fund and who does not have the required minimum number of years of allowable service credit to qualify for an annuity, may apply for such annuity if otherwise qualified, and within 90 days thereafter purchase whatever period of said public service is necessary to bring his total allowable service credit to said minimum, provided that last service shall be purchased first. Such person may gain such allowable service credit by paying ~~six percent~~ the applicable percentage of the salary covered under the law in effect at the time that such public service was performed, ~~with interest. If the person is a basic member, the applicable percentage is eight percent, and if the person is a coordinated member, the applicable percentage is four percent.~~ Interest thereon at the rate of six percent per annum compounded annually from the date first payable to the date payment is made, plus a matching amount must be paid, unless the employer agrees to pay said matching amount pursuant to subdivision 2a. An annuity shall accrue as provided in section 353.29, subdivision 7, but no annuity shall be paid until the applicant's payment is made in full for the prior public service; if said payment is not made within such 90 days, the application for retirement shall be void.

Sec. 38. Minnesota Statutes 1976, Section 353.656, Subdivision 6, is amended to read:

Subd. 6. **RETIREMENT STATUS AT AGE 55.** All disability benefits payable ~~Changes or additions indicated by underline deletions by strikeout~~

under this section shall terminate when the disabled fireman or police officer becomes 55 years of age. Thereafter, retirement benefits shall be paid to the disabled fireman or police officer in the same amount as the disability benefits which he was previously receiving. Any disabled person who becomes age 55 after June 30, 1973, shall have his annuity computed in accordance with the law in effect ~~on July 1, 1973~~ upon attainment of age 55. Prior to reaching age 55, a disabled person may select an optional annuity pursuant to section 353.30, subdivision 3.

Sec. 39. Minnesota Statutes 1976, Section 353.657, Subdivision 1, is amended to read:

353.657 SURVIVOR BENEFITS. Subdivision 1. In the event any member of the police and fire fund shall die from any cause, the association shall grant survivor benefits to any ~~dependent~~ surviving spouse who was residing with him at the time of his death and who was married to him for a period of at least one year, and to a dependent child or children, unmarried and under the age of 18 years. The spouse and child or children shall be entitled to monthly benefits as provided in the following subdivisions.

Sec. 40. Minnesota Statutes 1976, Section 353.71, Subdivision 2, is amended to read:

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

Sec. 41. Minnesota Statutes, 1977 Supplement, Section 354.41, Subdivision 6, is

Changes or additions indicated by underline deletions by ~~strikeout~~

amended to read:

Subd. 6. Any such former member who elects membership in the fund as authorized by subdivision 4 shall be eligible to make payment for service which was rendered prior to July 1, 1975 in any of the organizations enumerated in subdivision 4, provided the organization makes satisfactory certification of such service as prescribed in section 354.05, subdivision 28. This payment shall be limited to the most recent five years of allowable service credit and shall include all required employee and employer contributions as provided in section 354.42, subdivisions 2, 3 and 5 at the rates in effect when the service was rendered. Interest shall be paid on both the employee and employer contributions at the rate of six percent per annum compounded annually from the end of the fiscal year during which such service was rendered to the date of payment. The employer may pay the required employer contributions as provided in section 354.42, subdivisions 3 and 5, plus interest at the specified rate. The payment described herein must be made in one lump sum prior to July 1, 1980 or prior to retirement, whichever is earlier. No allowable or formula service with respect to such payment shall be credited to the employee's account until payment is received by the executive director.

Sec. 42. Minnesota Statutes 1976, Section 354.41, is amended by adding a subdivision to read:

Subd. 8. Any member who has been employed by an organization designated in subdivision 4 may receive up to five years of allowable service credit in the fund by making payment for such service under the conditions prescribed by subdivision 6.

Sec. 43. Minnesota Statutes 1976, Section 354.55, Subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases or has ceased to render teaching service may leave his accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for such an annuity shall be determined by the provisions of section 354.44, subdivision 1, or section 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has more than one period of uninterrupted service, the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest

Changes or additions indicated by underline deletions by ~~strikeout~~

assumption contained therein used to compute such annuity will be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of Laws 1971, Chapter 87 shall mean a period of covered teaching service during which the member has not been separated from such service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling such requirements with a combination of service as provided in section 354.60.

Sec. 44. Minnesota Statutes 1976, Section 356.32, Subdivision 1, is amended to read:

356.32 PROPORTIONATE RETIREMENT ANNUITY. Subdivision 1. Notwithstanding any provision to the contrary of the laws governing any of the retirement funds enumerated in subdivision 2, any person who is employed in a position covered by any such fund, who has credit for at least three years but less than ten years of allowable service in such fund or a combination of such funds, and who is required to terminate service at age 65 or earlier pursuant to a mandatory retirement statute or a uniformly applied mandatory retirement policy established by the employer, shall be entitled upon application to a proportionate retirement annuity from each such fund in which he has allowable service credit, based upon his allowable service credit at the time of mandatory retirement; provided, however, that nothing in this section shall prevent the actuarial reduction of an annuity for which application is made prior to normal retirement age.

Sec. 45. Minnesota Statutes 1976, Section 422A.16, Subdivision 10, is amended to read:

Subd. 10. All deferred allowances granted under this section shall be calculated as of the date of separation and shall be increased by the interest assumption rate provided for in chapter 356 until January 1, 1981, and thereafter by the interest rate of three percent per year compounded annually.

Sec. 46. **REPEALER.** Minnesota Statutes 1976, Sections 352C.02; 352C.03; 352C.05; 352C.06; and 352C.08; and Minnesota Statutes, 1977 Supplement, Section 353.32, Subdivision 7, are repealed.

Sec. 47. Sections 1, 2, 3, 4, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 27, 28, 40, 43, and 45 shall be effective the day following final enactment. Sections 23, 24, 25, 26, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 44 and 46 shall be effective July 1, 1978. Sections 5, 7 and 20 shall be effective January 1, 1979. Sections 29, 30, and 31 shall be effective April 1, 1979. Any person who was a member pursuant to section 353.01, subdivision 16, clause

Changes or additions indicated by underline deletions by ~~strikeout~~

(3) prior to the election authorized by section 27 and was a basic member shall remain a basic member notwithstanding the provisions of section 353.017, subdivision 1 to the contrary.

The reduced augmentation rates shall apply to persons who are already on deferred status as of December 31, 1980, as well as to persons who terminate public service thereafter, but shall have no effect on rates of augmentation for periods of deferral prior to December 31, 1980. The augmentation rate added to the elective state officers plan shall apply to persons who are already on deferred status as of the day prior to the effective date of section 15, as well as to persons who terminate public service thereafter.

Approved April 7, 1978.

CHAPTER 797-H.F.No.2236

An act relating to insurance; removing the limitation on the expense factor in setting workers' compensation insurance premiums; referring rates for expenses to the workers' compensation study commission; amending Minnesota Statutes 1976, Sections 176.132, Subdivision 2; 176.181, Subdivision 2; Minnesota Statutes, 1977 Supplement, Section 79.07; and Laws 1977, Chapter 342, Section 27, Subdivision 1.

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

Section 1. Minnesota Statutes, 1977 Supplement, Section 79.07, is amended to read:

79.07 INSURANCE RATES. To provide for the solvency of insurers writing workers' compensation insurance in this state and to secure reasonable rates, the commissioner shall approve a minimum, adequate, fair, and reasonable rate, including the expense of a reasonable charge which the commissioner may approve for the services of an agent of record whether or not an employee or agent of the insurer, for the service of rejected risks as set forth in sections 79.24 to 79.27, for each classification under which such business is written. In approving these rates, the commissioner shall make findings in support thereof and make use of the experience which from time to time may be available and of such other helpful information as may be obtainable. Approval of rates shall be upon hearings under and pursuant to the administrative procedures act, Minnesota Statutes, Chapter 15. For the purpose of uniformity and equality, the commissioner, after consultation with insurers, shall approve a system of merit and experience rating for use in writing such business in this state. No other system of merit or experience rating shall be used in this state. Every insurer referred to in section 79.20 who issues participating policies shall file with the commissioner a true copy or summary as the commissioner shall direct of its participating dividend rates as to policy holders. The commissioner shall study such rates and make recommendations to the legislature concerning possible basis for discrimination. Such filing shall be made at the same time as the filing required in section 79.20. ~~In determining what is a reasonable, fair, and adequate rate the commissioner shall allow insurers to charge an amount for profit and expenses in addition to the amounts necessary to pay any benefits or charges required by chapter 176. The~~

Changes or additions indicated by underline deletions by ~~strikeout~~