

**69.021 REPORTING PREMIUMS; CALCULATION OF AID.**

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

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

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

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

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

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

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

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

Subd. 3a. [Repealed, 1987 c 268 art 2 s 38]

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

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

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

Subd. 6. [Repealed, 2013 c 111 art 5 s 81]

Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.** (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the estimated market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state aid allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State

Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

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

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

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

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

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

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

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

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

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

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

(b) "Excess police state aid" is:

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

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

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

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

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26

Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71

Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

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

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

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

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

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

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

**History:** 1969 c 1001 s 3; 1971 c 695 s 2; Ex1971 c 6 s 4-7; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1976 c 315 s 4-6; 1977 c 429 s 6-8,63; 1981 c 68 s 5-8; 1981 c 224 s 274; 1982 c 460 s 2; 1983 c 289 s 114 subd 1; 1984 c 558 art 1 s 8; 1984 c 592 s 65-68; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1986 c 359 s 6,7; 1986 c 444; 1Sp1986 c 1 art 4 s 1-4; 1987 c 268 art 2 s 21-23; 1987 c 404 s 90; 1988 c 719 art 2 s 4; art 5 s 84; 1989 c 329 art 13 s 20; 1990 c 480 art 6 s 3; 1991 c 291 art 13 s 3-9; 1992 c 487 s 2,3; 1992 c 511 art 9 s 2,3; 1995 c 264 art 9 s 4,5; 1996 c 390 s 26-28; 1996 c 438 art 4 s 2; 1997 c 31 art 2 s 3; 1997 c 199 s 14; 1997 c 231 art 2 s 1; 1997 c 233 art 1 s 9-12; 1997 c 241 art 1 s 1-8; 1Sp1997 c 5 s 8; 1999 c 222 art 4 s 2; art 5 s 1; 2000 c 461 art 15 s 1; 2001 c 7 s 17; 1Sp2001 c 5 art 13 s 1; 2002 c 377 art 10 s 1; 2002

*c 392 art 1 s 8; 2003 c 2 art 1 s 9,45 subd 5; 1Sp2003 c 14 art 6 s 1; 1Sp2005 c 8 art 10 s 3,4; 2007 c 147 art 19 s 13; 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 6,7; 2010 c 359 art 12 s 7; 2013 c 111 art 5 s 9-19; 2013 c 143 art 14 s 4,5; 2014 c 275 art 2 s 1; 2017 c 40 art 1 s 8; 1Sp2017 c 1 art 14 s 1*