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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1894

02/25/2014 Authored by McNamar

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

1.1 A bill for an act
1.2 relating to retirement; providing that employees of the Stevens County Housing
1.3 and Redevelopment Authority are included in the Public Employees Retirement
1.4 Association; amending Minnesota Statutes 2013 Supplement, section 353.01,
1.5 subdivisions 2a, 6.

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

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2a,
1.8 is amended to read:

1.9 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
1.10 whose salary exceeds \$425 in any month and who are not specifically excluded under
1.11 subdivision 2b or who have not been provided an option to participate under subdivision
1.12 2d, whether individually or by action of the governmental subdivision, must participate as
1.13 members of the association with retirement coverage by the general employees retirement
1.14 plan under this chapter, the public employees police and fire retirement plan under this
1.15 chapter, or the local government correctional employees retirement plan under chapter
1.16 353E, whichever applies. Membership commences as a condition of their employment on
1.17 the first day of their employment or on the first day that the eligibility criteria are met,
1.18 whichever is later. Public employees include but are not limited to:

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

1.21 (2) elected county sheriffs;

1.22 (3) persons who are appointed, employed, or contracted to perform governmental
1.23 functions that by law or local ordinance are required of a public officer, including, but
1.24 not limited to:

1.25 (i) town and city clerk or treasurer;

- (ii) county auditor, treasurer, or recorder;
- (iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or
- (iv) emergency management director, as provided under section 12.25;
- (4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;
- (5) full-time employees of the Dakota County Agricultural Society;
- (6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b; ~~and~~
- (7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b; and
- (8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b.
- (b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.
- (c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.
- (d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

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

Sec. 2. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department, unit or instrumentality of state or local government, or any public body established under state or local

authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

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

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047 other than the Stevens County Housing and Redevelopment Authority; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than the Red Wing Port Authority; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from

the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

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

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

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

Sec. 3. **VALIDATION OF PAST RETIREMENT COVERAGE
AND CONTRIBUTIONS FOR STEVENS COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY EMPLOYEES.**

(a) Retirement coverage by the general employees plan of the Public Employees Retirement Association, allowable service credit, and salary credit for employees of the Stevens County Housing and Redevelopment Authority who were so employed after November 7, 1984, and were first so employed before May 1, 2014, who had monthly salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in any month of at least \$425 after June 30, 1988, who were not otherwise excluded under the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had member deductions taken and transferred in a timely manner to the general employees retirement fund before the effective date of this section are hereby validated.

(b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, employee contributions deducted from employees of the Stevens County Housing and Redevelopment Authority described in paragraph (a) before the effective date of this section and associated employer contributions are valid assets of the general employees retirement fund and are not subject to refund or adjustment for erroneous receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2; or 353.34, subdivisions 1 and 2.

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