

SENATE

STATE OF MINNESOTA

NINETY-FOURTH SESSION

S.F. No. 2884

(SENATE AUTHORS: FRENTZ)		
DATE	D-PG	OFFICIAL STATUS
03/24/2025	1005	Introduction and first reading Referred to State and Local Government
05/14/2025	4957a	Comm report: To pass as amended and re-refer to Finance
	5046	Pursuant to Senate Concurrent Resolution No. 4, referred to Rules and Administration
05/16/2025	5134	Comm report: Adopt previous comm report Senate Concurrent Resolution 4 suspended
05/17/2025		Comm report: To pass as amended Second reading

1.1

A bill for an act

1.2 relating to retirement; Minnesota State Retirement System, making administrative

1.3 changes, increasing the formula multiplier and the postretirement adjustment for

1.4 the general state employees retirement plan, and increasing the postretirement

1.5 adjustment for the legislators and unclassified retirement plans; Public Employees

1.6 Retirement Association, making administrative and conforming changes, increasing

1.7 the cap on the postretirement adjustment for the general employees retirement

1.8 plan, expanding the privatization requirements and revising the method for

1.9 calculating withdrawal liability; implementing the recommendations of the MSRS

1.10 correctional plan eligibility work group, the amortization work group, and the

1.11 State Auditor's fire relief association working group; increasing the employer

1.12 contribution maximum for the higher education supplemental retirement plan;

1.13 increasing the maximum lump-sum benefit level for defined benefit firefighter

1.14 relief associations; Minnesota Secure Choice Retirement Program, making

1.15 administrative and policy changes, authorizing the commissioner of employment

1.16 and economic development to disclose information to the executive director, and

1.17 adding penalties for noncompliance; modifying the pension fund executive directors'

1.18 authority to correct errors and modifying the annual reporting requirement;

1.19 repealing the investment business recipient disclosure reporting requirement for

1.20 firefighter relief associations; establishing a work group on pension plans for

1.21 probation officers and 911 telecommunicators; making technical changes,

1.22 clarifications, and corrections to the statutes governing the Legislative Commission

1.23 on Pensions and Retirement, the statewide volunteer firefighter plan, IRAP to TRA

1.24 transfers, fire state aid and police and firefighter retirement supplemental state aid,

1.25 and the public employees defined contribution plan; modifying practices for

1.26 reporting and repealing certain reporting requirements for the State Board of

1.27 Investment; eliminating obsolete provisions; amending Minnesota Statutes 2024,

1.28 sections 3.85, subdivisions 2, 3, 10; 11A.07, subdivisions 4, 4b; 124E.12,

1.29 subdivisions 4, 6; 181.101; 187.03, subdivisions 5, 7, 7a, by adding a subdivision;

1.30 187.05, subdivisions 4, 6, by adding a subdivision; 187.07, subdivisions 1, 2, 3,

1.31 6; 187.08, subdivisions 3, 7; 187.11; 268.19, subdivision 1; 352.01, by adding a

1.32 subdivision; 352.029, subdivision 3; 352.03, subdivision 5; 352.115, subdivision

1.33 3; 352.22, subdivisions 2b, 3; 352.90; 352.93, subdivision 1; 352.955, subdivision

1.34 1; 353.01, subdivisions 2a, 2b, 2d; 353.028, subdivisions 2, 3; 353.27, subdivision

1.35 3a; 353.34, subdivision 5; 353D.01, subdivision 2; 353D.02, subdivisions 1, 2, 3,

1.36 4, 5, 6, 7; 353E.06, subdivision 1; 353F.01; 353F.02, subdivisions 3, 4b, 5a, 6, by

1.37 adding subdivisions; 353F.025; 353F.03; 353F.04; 353F.05; 353F.051, subdivisions

1.38 1, 2; 353F.052; 353F.057; 353F.06; 353F.07; 353F.08; 353F.09; 353G.08,

subdivision 1a; 353G.11, subdivisions 2, 2a, by adding a subdivision; 353G.17, subdivisions 4, 5; 353G.19, subdivisions 1, 2, 3, 4, 5; 354B.215, subdivisions 3, 4; 356.215, subdivisions 1, 4, 8, 11, 17; 356.24, subdivision 1; 356.415, subdivisions 1, 1b; 356.633, subdivisions 1, 2, by adding a subdivision; 356.636, subdivisions 2, 3; 423A.022, subdivisions 2, 3; 424A.014, subdivisions 2, 5; 424A.015, subdivision 4; 424A.016, subdivisions 2, 6; 424A.02, subdivision 3; 424A.05, subdivision 3; 424A.06, subdivision 2; 424A.08; 424A.092, subdivisions 2, 3, 4; 424A.093, subdivision 5; 424B.22, subdivisions 1, 2, 3, by adding a subdivision; 477B.02, subdivisions 3, 8; 477B.03, subdivisions 5, 7; 477B.04, subdivisions 3, 4; proposing coding for new law in Minnesota Statutes, chapters 187; 352; 356; repealing Minnesota Statutes 2024, sections 11A.27; 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 4a, 4b, 4c, 6; 353F.02, subdivision 4a; 356.635, subdivision 9; 356A.06, subdivision 5; 424A.015, subdivision 5.

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

## ARTICLE 1

### MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2024, section 352.115, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) applies.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary, as defined in section 352.01, subdivision 1a, multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service and pro rata for completed months less than a full year determines the amount of the retirement annuity to which the employee is entitled.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by 1.7 percent for each year of allowable service and pro rata for completed months less than a full year determines the amount of the retirement annuity to which the employee is entitled.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.7 percent for each year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 352.22, subdivision 2b, is amended to read:

Subd. 2b. **Refund repayment.** Any person who has received a refund from the state employees retirement plan; or the correctional state employees retirement plan and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the state employees retirement plan from which the refund was paid. If a refund is repaid to the plan and more than one refund has been received from the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

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

Sec. 3. Minnesota Statutes 2024, section 352.22, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity.** (a) After separation from state service, an employee who has at least three years of allowable service if employed before July 1, 2010, or who has at least five years of allowable service if employed after June 30, 2010, when termination occurs may elect to leave the employee's accumulated contributions in the retirement fund and thereby be entitled to a deferred retirement annuity; if the employee:

(1) is a member of the state employees retirement plan and satisfies the allowable service requirement under section 352.115, subdivision 1, applicable to the employee; or

(2) is a member of the correctional state employees retirement plan and satisfies the allowable service requirement under section 352.925 applicable to the employee.

(b) The annuity must be computed under the law in effect when the employee separates from state service terminated, on the basis of the allowable service credited to the person before the termination of separation from state service.

~~(b)~~ (c) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

~~(e)~~ (d) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

~~(d)~~ (e) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

~~(e)~~ (f) Deferred annuities must be augmented as provided in subdivision 3a.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2023.

Sec. 4. Minnesota Statutes 2024, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) Recipients of a retirement annuity, disability benefit, or survivor benefit from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

~~(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;~~

~~(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;~~

(3) (1) effective January 1, ~~2024~~ 2026, and thereafter, a postretirement increase of ~~1.5~~ 1.75 percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) (2) effective January 1, ~~2024~~ 2026, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~1.5~~ 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the ~~covered~~ Minnesota State Retirement plan System requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2026.

## ARTICLE 2

### PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2024, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Any public employees employee whose salary from one governmental subdivision ~~exceeds~~ is expected to exceed \$425 in any month and who ~~are~~ is not specifically excluded under subdivision 2b or ~~have~~ has not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate beginning on the employee's first day of employment as members a member of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. For any employee whose salary is not expected to exceed \$425 in any month, membership commences as a condition of employment on the first day of employment or on the first day that the employee's salary exceeds \$425 and the other eligibility criteria are met, whichever is later. Public employees include but are not limited to:

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

(2) elected county sheriffs;

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

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b;

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

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

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

(10) employees of the Public Employees Retirement Association.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that

position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If 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 general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire plan:

(1) persons whose salary from one governmental subdivision never exceeds or is never expected to exceed \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elected office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elected position;

(3) election judges and persons employed solely to administer elections;

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

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

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

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.

Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;

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

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

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

(11) for the first three years of employment, foreign citizens who are employed by a governmental subdivision, except that the following foreign citizens must be considered included employees under subdivision 2a:

(i) H-1B, H-1B1, and E-3 status holders;

(ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

(iii) employees legally authorized to work in the United States for three years or more; and



9.1 (iv) employees otherwise required to participate under federal law;

9.2 (12) public hospital employees who elected not to participate as members of the  
9.3 association before 1972 and who did not elect to participate from July 1, 1988, to October  
9.4 1, 1988;

9.5 (13) ~~except as provided in section 353.86,~~ volunteer ambulance service personnel, as  
9.6 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
9.7 may still qualify as public employees under subdivision 2 and may be members of the Public  
9.8 Employees Retirement Association and participants in the general employees retirement  
9.9 plan or the public employees police and fire plan, whichever applies, on the basis of  
9.10 compensation received from public employment service other than service as volunteer  
9.11 ambulance service personnel;

9.12 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision  
9.13 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person  
9.14 who is a volunteer firefighter may still qualify as a public employee under subdivision 2  
9.15 and may be a member of the Public Employees Retirement Association and a participant  
9.16 in the general employees retirement plan or the public employees police and fire plan,  
9.17 whichever applies, on the basis of compensation received from public employment activities  
9.18 other than those as a volunteer firefighter;

9.19 (15) employees in the building and construction trades, as follows:

9.20 (i) pipefitters and associated trades personnel employed by Independent School District  
9.21 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters  
9.22 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed  
9.23 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section  
9.24 12;

9.25 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed  
9.26 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage  
9.27 under a collective bargaining agreement by the electrical workers local 110 pension plan,  
9.28 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either  
9.29 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be  
9.30 excluded under Laws 2000, chapter 461, article 7, section 5;

9.31 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,  
9.32 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School  
9.33 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
9.34 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633

pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied trades local 61 pension plan, or the plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(iv) plumbers employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the electrical workers local 292 pension plan or the pipefitters local 539 pension plan, who were first employed before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11, section 5;

(vi) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees with coverage under a collective bargaining agreement by a multiemployer plan as defined in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018, or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter 211, article 16, section 13; and

(vii) employees who are trades employees as defined in section 356.27, subdivision 1, first hired on or after July 1, 2020, by the city of St. Paul or Independent School District No. 625, St. Paul, except for any trades employee for whom contributions are made under section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer plan as defined in section 356.27, subdivision 1;

(16) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to a period of six months or less in each year of employment with the governmental subdivision;

(17) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

- 11.1 (18) independent contractors and the employees of independent contractors;
- 11.2 (19) reemployed annuitants of the association during the course of that reemployment;
- 11.3 (20) persons appointed to serve on a board or commission of a governmental subdivision
- 11.4 or an instrumentality thereof;
- 11.5 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
- 11.6 Transit Commission who are members of the International Brotherhood of Teamsters Local
- 11.7 638 and who are, by virtue of that employment, members of the International Brotherhood
- 11.8 of Teamsters Central States pension plan; and
- 11.9 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who
- 11.10 are members of the Teamsters General Local Union 346 and who are, by virtue of that
- 11.11 employment, members of the Central States Southeast and Southwest Areas Pension Fund.
- 11.12 (b) Any person performing the duties of a public officer in a position defined in
- 11.13 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
- 11.14 employee of an independent contractor.

11.15 **EFFECTIVE DATE.** This section is effective July 1, 2025.

11.16 Sec. 3. Minnesota Statutes 2024, section 353.01, subdivision 2d, is amended to read:

11.17 Subd. 2d. **Optional membership.** (a) Membership in the association is optional by

11.18 action of the individual employee for the following public employees who meet the conditions

11.19 set forth in subdivision 2a:

11.20 (1) members of the coordinated plan who are also employees of labor organizations as

11.21 defined in section 353.017, subdivision 1, for their employment by the labor organization

11.22 only, if they elect to have membership under section 353.017, subdivision 2;

11.23 (2) persons who are elected or ~~persons who are~~ appointed to elected positions, other

11.24 than local governing body elected positions, and who elect to participate within 30 days of

11.25 taking office by filing completing and signing a written election for membership election

11.26 on a form prescribed by the executive director of the association and filing the membership

11.27 election with the association within 60 days of taking office;

11.28 (3) members of the association who are appointed by the governor to be a state department

11.29 head and who elect not to be covered by the general state employees retirement plan of the

11.30 Minnesota State Retirement System under section 352.021;

11.31 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be

11.32 excluded from membership in the association under section 353.028, subdivision 2; and

12.1 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003, who were  
12.2 at least age 45 on that date, and who elected to participate by ~~filing a written~~ completing  
12.3 and signing a membership election ~~for membership~~.

12.4 (b) Membership in the association is optional by action of the governmental subdivision  
12.5 for the employees of the following governmental subdivisions under the conditions specified:

12.6 (1) the Minnesota Association of Townships if the board of that association, at its option,  
12.7 certifies to the executive director that its employees who meet the conditions set forth in  
12.8 subdivision 2a are to be included for purposes of retirement coverage, in which case the  
12.9 status of the association as a participating employer is permanent;

12.10 (2) a county historical society if the county in which the historical society is located, at  
12.11 its option, certifies to the executive director that the employees of the historical society who  
12.12 meet the conditions set forth in subdivision 2a are to be considered county employees for  
12.13 purposes of retirement coverage under this chapter. The status as a county employee must  
12.14 be accorded to all similarly situated county historical society employees and, once established,  
12.15 must continue as long as a person is an employee of the county historical society; and

12.16 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to employees  
12.17 other than paramedics, emergency medical technicians, and protection officers, if the  
12.18 corporate board establishes alternative retirement plans for certain classes of employees of  
12.19 the corporation and certifies to the association the applicable employees to be excluded  
12.20 from future retirement coverage.

12.21 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered  
12.22 by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the  
12.23 employee is excluded from retirement coverage under this chapter. For employees who are  
12.24 covered by paragraph (a), clause (4), if the necessary election of exclusion is not made, the  
12.25 employee must become a member and have retirement coverage under the applicable  
12.26 provisions of this chapter. For employees specified in paragraph (b), clause (3), membership  
12.27 continues until the exclusion option is exercised for the designated class of employee.

12.28 (d) The option to become a member, once exercised under this subdivision, may not be  
12.29 withdrawn until the termination of public service as defined under subdivision 11a.

12.30 **EFFECTIVE DATE.** This section is effective July 1, 2025.

12.31 Sec. 4. Minnesota Statutes 2024, section 353.028, subdivision 2, is amended to read:

12.32 Subd. 2. **Election.** (a) A city manager first employed by a city may make a onetime,  
12.33 irrevocable election to be excluded from membership in the general employees retirement

plan of the association. The election of exclusion must be made within 30 days following the commencement of employment, must be made in writing on a form prescribed by the executive director, ~~and~~ must be approved by a resolution adopted by the governing body of the city, and must be filed with the association within 60 days of commencing employment.

The election of exclusion is not effective until it is filed with the executive director.

Membership of a city manager in the general employees retirement plan ceases on the date the written election of exclusion is received by the executive director. Employee and employer contributions made during the first ~~30~~ 60 days of employment on behalf of a person exercising the option to be excluded from membership under this paragraph must be refunded or credited in accordance with section 353.27, subdivision 7.

(b) A city manager who has previously been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city is not eligible to make the election under paragraph (a).

(c) Any election under paragraph (a) must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 353.028, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program that meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and section 356.24, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution that would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D. ~~Any~~ An election and agreement under this paragraph must be entered into within 30 days following the commencement of employment.

14.1 **EFFECTIVE DATE.** This section is effective July 1, 2025.

14.2 Sec. 6. Minnesota Statutes 2024, section 353.27, subdivision 3a, is amended to read:

14.3 Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution  
14.4 to the general employees retirement fund of the Public Employees Retirement Association  
14.5 must be made equal to the following applicable percentage of the total salary amount for  
14.6 "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
14.7 Effective before January 1, 2006	2.68	.43
14.8 Effective January 1, 2006	2.68	.5
14.9 Effective January 1, 2009	2.68	.75
14.10 Effective January 1, 2010	2.68	1

14.12 These contributions must be made from funds available to the employing subdivision  
14.13 by the means and in the manner provided in section 353.28.

14.14 ~~(b) The coordinated program contribution rates set forth in paragraph (a) effective for~~  
14.15 ~~January 1, 2010, must not be implemented if, following receipt of the July 1, 2009, annual~~  
14.16 ~~actuarial valuation report under section 356.215, respectively, the actuarially required~~  
14.17 ~~contributions are equal to or less than the total rates under this section in effect as of January~~  
14.18 ~~1, 2008.~~

14.19 ~~(c)~~ (b) This subdivision is repealed once the actuarial value of the assets of the general  
14.20 employees retirement plan of the Public Employees Retirement Association equal or exceed  
14.21 98 percent of the actuarial accrued liability of the plan as determined by the actuary retained  
14.22 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full  
14.23 pay period occurring after March 31 of the calendar year following the issuance of the  
14.24 actuarial valuation upon which the repeal is based.

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

14.26 Sec. 7. Minnesota Statutes 2024, section 353.34, subdivision 5, is amended to read:

14.27 Subd. 5. **Right to a refund generally unlimited.** The right to a refund provided in this  
14.28 chapter, ~~and laws amendatory thereof,~~ is not restricted as to time ~~unless specifically provided~~  
14.29 ~~and the statute of limitation does not apply thereto.~~

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

15.1 Sec. 8. Minnesota Statutes 2024, section 353E.06, subdivision 1, is amended to read:

15.2 Subdivision 1. **Duty disability qualification requirements.** A member who is determined  
15.3 to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to  
15.4 a disability benefit. The disability benefit must be based on covered service under this  
15.5 chapter only and is an amount equal to 47.5 percent of the average salary defined in section  
15.6 353E.04, subdivision 2, plus ~~an additional 1.9 percent,~~ for each year of covered service  
15.7 under this chapter in excess of 25 years:

15.8 (1) 1.9 percent for each year of allowable service beginning before July 1, 2025; and

15.9 (2) 2.2 percent for each year of allowable service beginning after June 30, 2025.

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

15.11 Sec. 9. Minnesota Statutes 2024, section 356.415, subdivision 1b, is amended to read:

15.12 Subd. 1b. **Annual postretirement adjustments; ~~PERA~~ Public Employees Retirement**  
15.13 **Association; general employees retirement plan.** (a) Annuities, disability benefits, and  
15.14 survivor benefits being paid from the general employees retirement plan of the Public  
15.15 Employees Retirement Association shall be increased effective each January 1 by the  
15.16 percentage of increase determined under this subdivision. The increase to the annuity or  
15.17 benefit shall be determined by multiplying the monthly amount of the annuity or benefit by  
15.18 the percentage of increase specified in paragraph (b), after taking into account any reduction  
15.19 to the percentage of increase required under paragraph ~~(e)~~ (d).

15.20 (b) The percentage of increase shall be one percent unless the federal Social Security  
15.21 Administration has announced a cost-of-living adjustment pursuant to United States Code,  
15.22 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than  
15.23 ~~two one~~ one percent. If the cost-of-living adjustment announced by the federal Social Security  
15.24 Administration is greater than ~~two one~~ one percent, the percentage of increase ~~shall be 50 percent~~  
15.25 ~~of must be the same as~~ the cost-of-living adjustment announced by the federal Social Security  
15.26 Administration, but in no event may the percentage of increase exceed 1.5 percent the  
15.27 applicable maximum percentage in effect on January 1 under paragraph (c).

15.28 (c) The applicable maximum percentage in effect on January 1 is 1.75 percent, unless  
15.29 either of the following is true, in which case the applicable maximum percentage is 1.5  
15.30 percent:

15.31 (1) the market value of assets equals or is less than 85 percent of the actuarial accrued  
15.32 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial  
15.33 valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

~~(e)~~ (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

~~(d)~~ (e) An increase in annuity or benefit payments under this ~~section~~ subdivision must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2026.

### ARTICLE 3

#### PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

Section 1. Minnesota Statutes 2024, section 353D.02, subdivision 1, is amended to read:

Subdivision 1. **Local government officials.** Eligible elected or appointed local government officials may elect to participate in the defined contribution plan within the first 30 days of ~~being elected or appointed to~~ taking public office by filing completing and signing a membership application election on a form prescribed by the executive director of the association authorizing contributions to be deducted from the official's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership ~~application election~~ or contributions are received in the office of the association, whichever is received first, provided further that the membership ~~application election~~ is received by the association within 60 days of the receipt of the contributions taking office. An election to participate in the plan is irrevocable.

**EFFECTIVE DATE.** This section is effective July 1, 2025.



17.1 Sec. 2. Minnesota Statutes 2024, section 353D.02, subdivision 2, is amended to read:

17.2 Subd. 2. **Eligible physicians.** Eligible physicians may elect to participate in the defined  
17.3 contribution plan within the first 30 days of commencing employment with a government  
17.4 subdivision under section 353.01, subdivision 6, by ~~filing~~ completing and signing a  
17.5 membership application election on a form prescribed by the executive director of the  
17.6 association authorizing contributions to be deducted from the physician's salary and filing  
17.7 the membership election with the association within 60 days of commencing employment.  
17.8 Participation begins on the first day of the pay period for which the contributions were  
17.9 deducted. An election to participate in the defined contribution plan is irrevocable.

17.10 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.11 Sec. 3. Minnesota Statutes 2024, section 353D.02, subdivision 3, is amended to read:

17.12 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with  
17.13 eligible personnel may elect to participate in the plan. If a service elects to participate, its  
17.14 eligible personnel may elect to participate or decline to participate. An individual's  
17.15 membership election must be made within 30 days of the service's election to participate  
17.16 or within 30 days of the date on which the individual began employment with the service  
17.17 or began to provide service for it, whichever date is later. The membership election must  
17.18 be received by the association within 60 days of the service's election to participate or within  
17.19 60 days of the date on which the individual first began employment, whichever is later. An  
17.20 election by a service or an individual is irrevocable.

17.21 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.22 Sec. 4. Minnesota Statutes 2024, section 353D.02, subdivision 4, is amended to read:

17.23 Subd. 4. **Eligible rescue squad personnel.** The municipality or county, as applicable,  
17.24 associated with a rescue squad under section 353D.01, subdivision 2, paragraph (a), clause  
17.25 (4), may elect to participate in the plan. If the municipality or county, as applicable, elects  
17.26 to participate, the eligible personnel may elect to participate or decline to participate. An  
17.27 eligible individual's membership election must be made within 30 days of the ~~service's~~  
17.28 municipality's or county's election to participate or within 30 days of the date on which the  
17.29 individual first began employment with the rescue squad, whichever is later. The membership  
17.30 election must be received by the association within 60 days of the municipality's or county's  
17.31 election to participate or within 60 days of the date on which the individual first began  
17.32 employment, whichever is later. Elections under this subdivision by a government unit or  
17.33 individual are irrevocable. The municipality or county, as applicable, must specify by

18.1 resolution eligibility requirements for rescue squad personnel which must be satisfied if the  
18.2 individual is to be authorized to make the membership election under this subdivision.

18.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.

18.4 Sec. 5. Minnesota Statutes 2024, section 353D.02, subdivision 5, is amended to read:

18.5 Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the  
18.6 city of St. Paul who do not elect to participate in the general employees retirement plan may  
18.7 elect within the first 30 days of commencing employment to participate in the plan by ~~filing~~  
18.8 completing and signing a membership application election on a form prescribed by the  
18.9 executive director of the association authorizing contributions to be deducted from the  
18.10 employee's salary. Participation begins on the first day of the pay period for which the  
18.11 contributions were deducted or, if pay period coverage dates are not provided, the date on  
18.12 which the membership ~~application~~ election or the contributions are received in the office  
18.13 of the association, whichever is received first, ~~if provided~~ the membership application  
18.14 election is received by the association within 60 days of ~~the receipt of the contributions~~  
18.15 commencing employment. An election to participate in the plan is irrevocable.

18.16 **EFFECTIVE DATE.** This section is effective July 1, 2025.

18.17 Sec. 6. Minnesota Statutes 2024, section 353D.02, subdivision 6, is amended to read:

18.18 Subd. 6. **City managers.** ~~Any city managers~~ manager who elected to be excluded within  
18.19 30 days of commencing employment from the general employees retirement plan of the  
18.20 Public Employees Retirement Association under section 353.028, subdivision 2, and who  
18.21 ~~elected to participate in the plan~~ entered into an agreement under section 353.028, subdivision  
18.22 3, paragraph (b), with the governing body of the city that employs the city manager to have  
18.23 the city make contributions to the defined contribution plan under chapter 353D, must file  
18.24 ~~that an~~ election with the executive director association within the first ~~30~~ 60 days of  
18.25 commencing employment to participate in the defined contribution plan. The city manager  
18.26 must complete and sign a membership election on a form prescribed by the executive director  
18.27 of the association. Participation begins on the first day of the pay period next following the  
18.28 date of the coverage election. An election to participate by a city manager is irrevocable.

18.29 **EFFECTIVE DATE.** This section is effective July 1, 2025.

18.30 Sec. 7. Minnesota Statutes 2024, section 353D.02, subdivision 7, is amended to read:

18.31 Subd. 7. **Certain volunteer firefighters.** Volunteer or on-call firefighters who are serving  
18.32 as members of a municipal fire department or an independent nonprofit firefighting

corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68, by a firefighters relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service by completing and signing a membership election on a form prescribed by the executive director of the association. The membership election must be filed with the association within 60 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the membership election.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

#### ARTICLE 4

#### PERA PRIVATIZATION

Section 1. Minnesota Statutes 2024, section 353F.01, is amended to read:

##### **353F.01 PURPOSE AND INTENT.**

The purpose of this chapter is to ensure, to the extent possible, that persons employed ~~at public medical facilities who~~ by governmental subdivisions that are privatized and consequently are excluded from retirement coverage by the Public Employees Retirement Association will be entitled to receive future retirement benefits under the general employees retirement plan of the Public Employees Retirement Association commensurate with the prior contributions made by them or made on their behalf upon the privatization of the ~~medical facility~~ governmental subdivision.

Sec. 2. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to read:

**Subd. 2a. Association.** "Association" means the Public Employees Retirement Association established under chapter 353.

Sec. 3. Minnesota Statutes 2024, section 353F.02, subdivision 3, is amended to read:

**Subd. 3. Effective date of privatization.** "Effective date of privatization" means the date that ~~the operation of a medical facility is assumed by another~~ a governmental subdivision becomes a privatized employer or the date that a ~~medical facility~~ governmental subdivision is purchased ~~by another employer~~ in a privatization and active membership in the ~~Public Employees Retirement~~ association consequently terminates.

20.1 Sec. 4. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
20.2 read:

20.3 Subd. 3b. **Funding ratio.** "Funding ratio" means the actuarial value of assets of the  
20.4 general employees retirement fund, divided by the present value of accrued benefits for the  
20.5 fund, expressed as a percentage.

20.6 Sec. 5. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
20.7 read:

20.8 Subd. 3c. **General employees retirement fund.** "General employees retirement fund"  
20.9 means the general employees retirement fund as defined under section 353.27, subdivision  
20.10 1.

20.11 Sec. 6. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
20.12 read:

20.13 Subd. 3d. **General employees retirement plan.** "General employees retirement plan"  
20.14 or "general plan" means the general employees retirement plan of the association established  
20.15 under chapter 353.

20.16 Sec. 7. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
20.17 read:

20.18 Subd. 3e. **Governmental subdivision.** "Governmental subdivision" has the meaning  
20.19 given in section 353.01, subdivision 6.

20.20 Sec. 8. Minnesota Statutes 2024, section 353F.02, subdivision 4b, is amended to read:

20.21 Subd. 4b. **Privatization.** "Privatization" means a ~~medical facility that privatizes when~~  
20.22 ~~the facility~~ the process of privatizing, through which a governmental subdivision ceases to  
20.23 be a governmental subdivision for any reason other than that the ~~medical facility~~  
20.24 governmental subdivision closes or permanently ceases to operate.

20.25 Sec. 9. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
20.26 read:

20.27 Subd. 4c. **Privatize or privatizing.** "Privatize" or "privatizing" means to engage in a  
20.28 transaction, including a sale to, acquisition by, or merger with an entity or a sale to or  
20.29 acquisition by one or more individuals, or a series of such transactions that result in a  
20.30 governmental subdivision ceasing to be a governmental subdivision on or after the effective

21.1 date of privatization. Privatize or privatizing does not mean ceasing to be a governmental  
 21.2 subdivision because the subdivision closed or permanently ceased to operate.

21.3 Sec. 10. Minnesota Statutes 2024, section 353F.02, subdivision 5a, is amended to read:

21.4 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"  
 21.5 means ~~a medical facility that was included in the definition of an entity that was a~~  
 21.6 governmental subdivision ~~under section 353.01, subdivision 6,~~ on the day before the effective  
 21.7 date of privatization ~~that is privatized and whose employees are certified for participation~~  
 21.8 ~~under this chapter~~ privatized employees.

21.9 Sec. 11. Minnesota Statutes 2024, section 353F.02, subdivision 6, is amended to read:

21.10 Subd. 6. **Privatized former public employee.** (a) "Privatized former public employee"  
 21.11 means a person who, before the effective date of the privatization of a governmental  
 21.12 subdivision:

21.13 (1) was employed by the ~~privatized former public employer on the day before the effective~~  
 21.14 ~~date of privatization; or~~ governmental subdivision; and

21.15 (2) ~~terminated employment with the privatized former public employer on the day before~~  
 21.16 ~~the effective date; and~~

21.17 (3) (2) was a ~~participant in~~ member of the general employees retirement plan ~~of the~~  
 21.18 ~~Public Employees Retirement Association at the time of termination of employment with~~  
 21.19 ~~the privatized former public employer~~ for the period of employment with the governmental  
 21.20 subdivision.

21.21 (b) Privatized former public employee does not mean a person who, on the day before  
 21.22 the effective date of privatization, was simultaneously employed with the privatized former  
 21.23 public employer and by a governmental subdivision ~~under section 353.01, subdivision 6,~~  
 21.24 and who, after the effective date of privatization, continues to accrue service credit under  
 21.25 section 353.01, subdivision 16, through simultaneous employment with a governmental  
 21.26 subdivision.

21.27 Sec. 12. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision  
 21.28 to read:

21.29 Subd. 6a. **Privatizing active employee.** "Privatizing active employee" means a privatized  
 21.30 employee who was employed by the privatizing governmental subdivision on the day before  
 21.31 the effective date of the privatization.

22.1 Sec. 13. Minnesota Statutes 2024, section 353F.025, is amended to read:

22.2 **353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL**  
22.3 **FACILITIES AND OTHER PUBLIC EMPLOYING UNITS WITHDRAWAL**  
22.4 **LIABILITY.**

22.5 Subdivision 1. **Eligibility determination and calculation of withdrawal liability.** (a)  
22.6 ~~The chief clerical~~ This section applies to any governmental subdivision that privatizes.

22.7 (b) Before the effective date of privatization, an officer of a the governmental subdivision  
22.8 ~~may~~ that is privatizing or that has control or ownership of an entity that is privatizing must  
22.9 submit to the executive director a resolution from the governing body to the executive  
22.10 ~~director of the Public Employees Retirement Association which supports providing coverage~~  
22.11 ~~under this chapter for employees of that governmental subdivision who are privatized, and~~  
22.12 ~~which states that the governing body will pay for actuarial calculations, as further specified~~  
22.13 ~~in paragraph (c).~~ of the governmental subdivision stating the following:

22.14 (1) that it is the intention of the governmental subdivision to privatize or to engage in a  
22.15 privatization that will result in the controlled or owned entity becoming privatized; and

22.16 (2) that the governmental subdivision will reimburse the association for the cost to  
22.17 calculate withdrawal liability under paragraph (d).

22.18 ~~(b)~~ (c) The governing body must also provide to the executive director a copy of any  
22.19 ~~applicable~~ the purchase or, lease, or other transaction agreement and any other information  
22.20 requested by the executive director to allow the executive director to verify that under the  
22.21 ~~proposed employer change,~~ determine whether the new employer does not qualify as, after  
22.22 the privatization, will be a governmental subdivision under section 353.01, subdivision 6  
22.23 or a privatized employer, making the employees ineligible for continued coverage as active  
22.24 members of the general employees retirement plan of the Public Employees Retirement  
22.25 Association.

22.26 ~~(c)~~ (d) If, within 30 days after receipt of a the resolution and a determination  
22.27 by information under paragraph (b), the executive director determines that the new employer  
22.28 is after the privatization will not be a governmental subdivision, the executive director shall  
22.29 must direct the consulting actuary retained by the association under section 356.214 to  
22.30 ~~determine whether the general employees retirement plan of the Public Employees Retirement~~  
22.31 ~~Association, if coverage under this chapter is provided, is expected to receive a net gain or~~  
22.32 ~~a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special~~  
22.33 ~~benefit coverage provided under this chapter, if extended to the applicable employees under~~  
22.34 ~~the privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss~~

~~is expected if the actuarial accrued liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date of privatization~~  
calculate the withdrawal liability to be incurred by the privatized employer on the effective date of the privatization. Withdrawal liability and present value must be calculated as provided in paragraphs (e) and (f), respectively.

(e) Withdrawal liability is equal to the present value of accrued benefits attributable to the privatizing active employees minus the product of:

(1) the present value of accrued benefits attributable to the privatizing active employees;  
and

(2) the general plan's funding ratio.

If the withdrawal liability is a negative number, the withdrawal liability is zero. Withdrawal liability must be calculated using the most recently completed actuarial valuation before the effective date of privatization.

(f) Present value of accrued benefits is determined using the actuarial assumptions under section 356.215, subdivision 8, for the general plan. The present value of accrued benefits does not include projected compensation or projected service.

(g) The governmental subdivision must reimburse the association for the cost of calculating the withdrawal liability.

Subd. 1a. **Payment of withdrawal liability.** No later than six months after the effective date of privatization, the privatized employer must pay the withdrawal liability calculated under subdivision 1 to the general employees retirement fund, unless the privatized employer elects a payment plan. In lieu of a single withdrawal liability payment, the privatized employer may elect to pay the withdrawal liability with interest compounded annually at the applicable rate or rates specified in section 356.59, subdivision 3, in equal annual payments for a term of no longer than ten years. The obligation to pay under this subdivision is binding upon the privatized employer and its successors and assignees.

Subd. 2. **Reporting privatizations.** (a) ~~If the actuarial calculations under subdivision 1, paragraph (c), indicate privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement association is expected, or if paragraph (b) applies, the executive director shall, following acceptance of the actuarial calculations by~~ The association must maintain a record of the consulting actuary's calculation

24.1 of withdrawal liability under subdivision 1 and any associated report. The calculation and  
 24.2 any associated report must be made publicly available and provided to:

24.3 (1) the board of trustees, forward notice and supporting documentation, including a copy  
 24.4 of the actuary's report and findings, to;

24.5 (2) the chair and the executive director of the Legislative Commission on Pensions and  
 24.6 Retirement; and

24.7 (3) the chairs and the ranking minority members of the legislative committees with  
 24.8 jurisdiction over governmental operations in the house of representatives and senate.

24.9 ~~(b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive~~  
 24.10 ~~director shall recommend to the board of trustees that the privatization be approved if the~~  
 24.11 ~~chief clerical officer of the applicable governmental subdivision submits a resolution from~~  
 24.12 ~~the governing body specifying that a lump sum payment will be made to the Public~~  
 24.13 ~~Employees Retirement Association equal to the net loss, plus interest. The interest must be~~  
 24.14 ~~computed using the applicable ultimate investment return assumption under section 356.215,~~  
 24.15 ~~subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from~~  
 24.16 ~~which the actuarial accrued liability data was used to determine the net loss in the actuarial~~  
 24.17 ~~study under subdivision 1, to the date of payment, with annual compounding. Payment must~~  
 24.18 ~~be made on or after the effective date of privatization.~~

24.19 ~~(e)~~ (b) ~~The Public Employees Retirement~~ association must maintain a list that includes  
 24.20 the names of all privatized ~~former public~~ employers in the association's annual comprehensive  
 24.21 ~~annual~~ financial report and on the association's website. Beginning July 1, 2027, the  
 24.22 association must also include in the list the amount of the withdrawal liability determined  
 24.23 as of the effective date of privatization and the remaining amount, if any, of withdrawal  
 24.24 liability due to be paid for each privatized employer.

24.25 Sec. 14. Minnesota Statutes 2024, section 353F.03, is amended to read:

24.26 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

24.27 Notwithstanding any provision of chapter 353 to the contrary, a privatized ~~former public~~  
 24.28 employee is eligible to receive a retirement annuity under section 353.29 of the edition of  
 24.29 Minnesota Statutes published in the year before the year in which the privatization occurred,  
 24.30 without regard to the requirement specified in section 353.01, subdivision 47.



25.1 Sec. 15. Minnesota Statutes 2024, section 353F.04, is amended to read:

25.2 **353F.04 AUGMENTATION INTEREST RATES FOR PRIVATIZED FORMER**  
25.3 **PUBLIC EMPLOYEES.**

25.4 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a privatized  
25.5 ~~former public~~ employee is subject to augmentation under section 353.34, subdivision 3,  
25.6 except that the rate of augmentation is as specified in this section.

25.7 (b) This paragraph applies if the effective date of privatization was on or before January  
25.8 1, 2007, and also applies to Hutchinson Area Health Care with a privatization effective date  
25.9 of January 1, 2008. For a privatized ~~former public~~ employee, the augmentation rate is 5.5  
25.10 percent compounded annually until January 1 following the year in which the ~~person~~  
25.11 privatized employee attains age 55. After that date, the augmentation rate is 7.5 percent  
25.12 compounded annually.

25.13 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is after  
25.14 January 1, 2007, and before January 1, 2011, then the augmentation rate is four percent  
25.15 compounded annually until January 1, following the year in which the ~~person~~ privatized  
25.16 employee attains age 55. After that date, the augmentation rate is six percent compounded  
25.17 annually.

25.18 (d) If the effective date of the privatization is after December 31, 2010, the augmentation  
25.19 rate depends on the result of computations specified in section 353F.025, subdivision 1. If  
25.20 those computations indicate no loss or a net gain to the ~~fund of the~~ general employees  
25.21 ~~retirement plan of the Public Employees Retirement Association fund~~, the augmentation  
25.22 rate is two percent compounded annually. If the computations under that subdivision indicate  
25.23 a net loss to the fund if a two percent augmentation rate is used, but a net gain or no loss if  
25.24 a one percent rate is used, then the augmentation rate is one percent compounded annually.

25.25 (e) Notwithstanding paragraphs (b) to (d), after June 30, 2020, and before January 1,  
25.26 2024, the augmentation rate for all privatized ~~former public~~ employees under paragraphs  
25.27 (b) to (d) is two percent compounded annually. After December 31, 2023, no additional  
25.28 augmentation is applied to the deferred annuities of privatized ~~former public employee's~~  
25.29 ~~deferred annuity~~ employees.

25.30 Subd. 2. **Exceptions.** The augmentation rates specified in subdivision 1 do not apply to  
25.31 a privatized ~~former public~~ employee:

25.32 (1) beginning the first of the month in which the privatized ~~former public~~ employee  
25.33 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,

26.1 if the employee accrues at least six months of credited service in any single plan enumerated  
26.2 in section 356.30, subdivision 3, except clause (6);

26.3 (2) beginning the first of the month in which the privatized ~~former-public~~ employee  
26.4 becomes covered again by the general employees retirement plan of the ~~Public Employees~~  
26.5 ~~Retirement Association~~;

26.6 (3) beginning the first of the month after a privatized ~~former-public~~ employee terminates  
26.7 service with the privatized ~~former-public~~ employer;

26.8 (4) if the privatized ~~former-public~~ employee begins receipt of a retirement annuity while  
26.9 employed by the privatized ~~former-public~~ employer; or

26.10 (5) if the effective date of privatization occurs after June 30, 2020.

26.11 Sec. 16. Minnesota Statutes 2024, section 353F.05, is amended to read:

26.12 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**  
26.13 **EARLY RETIREMENT PURPOSES.**

26.14 (a) For the purpose of determining eligibility for early retirement benefits provided under  
26.15 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year  
26.16 before the year in which the privatization occurred, and notwithstanding any provision of  
26.17 chapter 353; to the contrary, the years of allowable service for a privatized ~~former-public~~  
26.18 employee who transfers employment on the effective date of privatization and does not  
26.19 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of  
26.20 Minnesota Statutes published in the year before the year in which the privatization occurred,  
26.21 or any similar provision, includes service with the privatized ~~former-public~~ employer  
26.22 following the effective date. The privatized ~~former-public~~ employer shall provide any reports  
26.23 that the executive director of the ~~Public Employees Retirement Association~~ may reasonably  
26.24 request to permit calculation of benefits.

26.25 (b) To be eligible for early retirement benefits under this section, the individual privatized  
26.26 employee must separate from service with the privatized ~~former-public~~ employer. The  
26.27 privatized ~~former-public~~ employee, or an individual authorized to act on behalf of that  
26.28 employee, may apply for an annuity following application procedures under section 353.29,  
26.29 subdivision 4.

26.30 Sec. 17. Minnesota Statutes 2024, section 353F.051, subdivision 1, is amended to read:

26.31 Subdivision 1. **Eligibility.** A privatized ~~former-public~~ employee who is totally and  
26.32 permanently disabled under section 353.01, subdivision 19, and who had a medically

27.1 documented preexisting condition of the disability before the termination of coverage, may  
27.2 apply for a disability benefit.

27.3 Sec. 18. Minnesota Statutes 2024, section 353F.051, subdivision 2, is amended to read:

27.4 Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is entitled to  
27.5 receive a disability benefit calculated under section 353.33, subdivision 3. ~~The disability~~  
27.6 ~~benefit must be augmented under section 353.71, subdivision 2, from the date of termination~~  
27.7 ~~to the date the disability benefit begins to accrue.~~

27.8 Sec. 19. Minnesota Statutes 2024, section 353F.052, is amended to read:

27.9 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**  
27.10 **PROVISION.**

27.11 Notwithstanding any provisions of law to the contrary, subdivisions within section  
27.12 353.32 of the edition of Minnesota Statutes published in the year before the year in which  
27.13 a privatization occurred, applicable to the surviving spouse or dependent children of a former  
27.14 member as defined in section 353.01, subdivision 7a, apply to the survivors of a privatized  
27.15 ~~former public~~ employee.

27.16 Sec. 20. Minnesota Statutes 2024, section 353F.057, is amended to read:

27.17 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

27.18 Upon termination of service from the privatized ~~former public~~ employer after the effective  
27.19 date of privatization, a privatized ~~former public~~ employee must separate from any  
27.20 employment relationship with the privatized ~~former public~~ employer for at least 30 days to  
27.21 qualify to receive a retirement annuity under this chapter.

27.22 Sec. 21. Minnesota Statutes 2024, section 353F.06, is amended to read:

27.23 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**  
27.24 **LIMITATIONS.**

27.25 If a privatized ~~former public~~ employee satisfies the separation from service requirement  
27.26 in section 353F.057 and thereafter resumes employment with the privatized ~~former public~~  
27.27 employer or a governmental subdivision under section 353.01, subdivision 6, the reemployed  
27.28 annuitant earnings limitations of section 353.37 apply.

28.1 Sec. 22. Minnesota Statutes 2024, section 353F.07, is amended to read:

28.2 **353F.07 EFFECT ON REFUND.**

28.3 Notwithstanding any provision of chapter 353 to the contrary, privatized ~~former public~~  
28.4 employees may receive a refund of employee accumulated contributions plus interest as  
28.5 provided in section 353.34, subdivision 2, at any time after the transfer of employment to  
28.6 the privatized ~~former public~~ employer. If a privatized ~~former public~~ employee has received  
28.7 a refund from a pension plan listed in section 356.30, subdivision 3, the ~~person~~ privatized  
28.8 employee may not repay that refund unless the ~~person~~ privatized employee again becomes  
28.9 a member of one of those listed plans and complies with section 356.30, subdivision 2.

28.10 Sec. 23. Minnesota Statutes 2024, section 353F.08, is amended to read:

28.11 **353F.08 COUNSELING SERVICES.**

28.12 The privatized ~~former public~~ employer and the executive director ~~of the Public Employees~~  
28.13 ~~Retirement Association~~ shall provide privatized ~~former public~~ employees with counseling  
28.14 on their benefits available under the general employees retirement plan ~~of the Public~~  
28.15 ~~Employees Retirement Association~~ during a mutually agreed-upon period ~~mutually agreed~~  
28.16 ~~upon~~ before or after the effective date of privatization.

28.17 Sec. 24. Minnesota Statutes 2024, section 353F.09, is amended to read:

28.18 **353F.09 APPLICATION TO SALES OF PRIVATIZED ~~FORMER PUBLIC~~**  
28.19 **EMPLOYERS.**

28.20 A ~~medical facility or other employing unit~~ privatized employer shall cease to be a  
28.21 privatized ~~former public~~ employer and its employees shall cease to be considered privatized  
28.22 ~~former public~~ employees under this chapter upon the sale of the operations of the ~~medical~~  
28.23 ~~facility or~~ employing unit to another employer or the sale of the ~~medical facility or~~ employing  
28.24 unit to another employer. The privatized ~~former public~~ employees ~~shall be~~ are entitled to  
28.25 benefits accrued under this chapter to the date of the sale, but ~~shall~~ must not accrue additional  
28.26 benefits after the date of the sale.

28.27 Sec. 25. **REPEALER.**

28.28 Minnesota Statutes 2024, section 353F.02, subdivision 4a, is repealed.

28.29 Sec. 26. **EFFECTIVE DATE.**

28.30 Sections 1 to 25 are effective July 1, 2027.

ARTICLE 5

MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP

Section 1. Minnesota Statutes 2024, section 352.01, is amended by adding a subdivision to read:

Subd. 28. **Executive director.** "Executive director" or "director" means the executive director of the system appointed under section 352.03, subdivision 5.

Sec. 2. Minnesota Statutes 2024, section 352.029, subdivision 3, is amended to read:

Subd. 3. **Contributions.** The employee and employer contributions required by section 352.04, or by section 352.92 for employees covered by section ~~352.91~~ 352.905, are the obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph (a), or who chooses coverage under this section. However, the employing labor organization may pay the employer contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section ~~352.91~~ 352.905.

Sec. 3. Minnesota Statutes 2024, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board shall appoint an executive director, ~~in this chapter called the director,~~ on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director must have had at least five years' experience in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must review the performance of the executive director on an annual basis and may grant salary adjustments as a result of the review. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

Sec. 4. Minnesota Statutes 2024, section 352.90, is amended to read:

**352.90 POLICY.**

It is the policy of the legislature to provide special retirement benefits for and special contributions by certain correctional employees who may ~~be required~~ need to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of ~~inmates~~ incarcerated persons at state correctional facilities; ~~of or patients and clients in the state-operated forensic services program, which is comprised of the Minnesota Security Hospital, the forensic nursing home, the forensic transition service, and the competency restoration program; of patients in or the Minnesota Sex Offender Program; or of patients in the Minnesota Specialty Health System-Cambridge.~~

**Sec. 5. [352.901] DEFINITIONS APPLICABLE TO THE CORRECTIONAL PLAN.**

Subdivision 1. **Terms.** Unless the language or context clearly indicates a different meaning is intended, the terms defined in this section have the meanings given. The definitions in this section apply only to the correctional employees retirement plan and supplement the definitions in section 352.01.

Subd. 2. **Chief executive officer.** "Chief executive officer" means the Direct Care and Treatment chief executive officer appointed under section 246C.08 or a person the chief executive officer has delegated responsibilities to under sections 352.90 to 352.955, including the duty to certify direct contact under section 352.905, subdivision 2.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of corrections appointed under section 241.01, subdivision 1, or a person the commissioner has delegated responsibilities to under sections 352.90 to 352.955, including the duty to certify direct contact under section 352.905, subdivision 2.

Subd. 4. **Custody.** "Custody" means an employee's exercise of legal and physical control over an incarcerated person, patient, or client who is detained, confined, or otherwise restricted from freedom of movement.

Subd. 5. **Direct Care and Treatment.** "Direct Care and Treatment" means the agency established under section 246C.02.

Subd. 6. **Direct contact.** "Direct contact" means interactions between an employee and one or more patients, clients, or incarcerated persons where the employee is physically present and engaged with patients, clients, or incarcerated persons as part of the employee's normal duties, as defined in section 352.01, subdivision 17d, which must include regular

31.1 involvement in rehabilitation, treatment, custody, or supervision of patients, clients, or  
31.2 incarcerated persons, while maintaining safety, security, and order.

31.3 Subd. 7. **Direct contact requirement.** "Direct contact requirement" means the  
31.4 requirement that the employee spend at least 75 percent of the employee's working time in  
31.5 direct contact.

31.6 Subd. 8. **Eligible facility.** "Eligible facility" means:

31.7 (1) Minnesota Correctional Facility-Faribault;

31.8 (2) Minnesota Correctional Facility-Lino Lakes;

31.9 (3) Minnesota Correctional Facility-Moose Lake;

31.10 (4) Minnesota Correctional Facility-Oak Park Heights;

31.11 (5) Minnesota Correctional Facility-Red Wing;

31.12 (6) Minnesota Correctional Facility-Rush City;

31.13 (7) Minnesota Correctional Facility-Shakopee;

31.14 (8) Minnesota Correctional Facility-St. Cloud;

31.15 (9) Minnesota Correctional Facility-Stillwater;

31.16 (10) Minnesota Correctional Facility-Togo; or

31.17 (11) Minnesota Correctional Facility-Willow River.

31.18 Subd. 9. **Eligible program.** "Eligible program" means:

31.19 (1) the forensic services program; or

31.20 (2) the Minnesota Sex Offender Program.

31.21 Subd. 10. **Employee organization.** "Employee organization" has the meaning given in  
31.22 section 179A.03, subdivision 6.

31.23 Subd. 11. **Rehabilitation.** "Rehabilitation" means the process of providing treatment,  
31.24 education, or other interventions designed to improve the mental, physical, or behavioral  
31.25 condition of a patient, client, or incarcerated person with the goal of facilitating the  
31.26 reintegration into society or improving the quality of life of the patient, client, or incarcerated  
31.27 person.

31.28 Subd. 12. **Supervision.** "Supervision" means the oversight and management of patients,  
31.29 clients, or incarcerated persons by an employee at an eligible facility or eligible program

32.1 to ensure compliance with rules, regulations, and treatment plans; monitor behavior; enforce  
32.2 discipline; and provide guidance or direction.

32.3 Subd. 13. **Treatment.** "Treatment" means the broad range of services, including medical,  
32.4 psychological, or therapeutic interventions, aimed at addressing the health, mental health,  
32.5 or behavioral needs and overall condition of patients, clients, or incarcerated persons by or  
32.6 under the supervision of employees at an eligible facility or eligible program.

32.7 Subd. 14. **Working time.** "Working time" means time spent performing the normal  
32.8 duties of an employee's employment position, not including time spent in training or on a  
32.9 leave of absence for vacation, illness, or other reasons as authorized in the human resources  
32.10 policies applicable to the employee.

32.11 Sec. 6. **[352.905] COVERED CORRECTIONAL SERVICE.**

32.12 Subdivision 1. **Direct contact not required.** (a) For all periods of service that an  
32.13 employee is performing covered correctional service as defined in this subdivision, the  
32.14 employee is a member of the correctional employees retirement plan, whether or not the  
32.15 employee has any direct contact.

32.16 (b) "Covered correctional service" under this subdivision means service performed by  
32.17 a state employee employed at an eligible facility or in an eligible program in one of the  
32.18 following employment positions:

32.19 (1) corrections officer 1;

32.20 (2) corrections officer 2;

32.21 (3) corrections officer 3;

32.22 (4) corrections lieutenant;

32.23 (5) corrections captain;

32.24 (6) security counselor;

32.25 (7) security counselor lead; or

32.26 (8) corrections canine officer.

32.27 Subd. 2. **Direct contact required.** (a) For all periods of service that an employee is  
32.28 performing covered correctional service as defined in this subdivision, the employee is a  
32.29 member of the correctional employees retirement plan, but only if the employee satisfies  
32.30 the direct contact requirement and the employee's employer has certified to the executive



33.1 director, in the manner prescribed by the executive director, that the employee satisfies the  
33.2 direct contact requirement.

33.3 (b) "Covered correctional service" under this subdivision means service performed by  
33.4 a state employee employed at an eligible facility or in an eligible program in one of the  
33.5 employment positions specified in subdivisions 3 to 6.

33.6 Subd. 3. **Employment positions A to C.** Employment positions with a title that begins  
33.7 with the letters "A" to "C":

33.8 (1) automotive mechanic;

33.9 (2) baker;

33.10 (3) behavior analyst 1;

33.11 (4) behavior analyst 2;

33.12 (5) behavior analyst 3;

33.13 (6) building maintenance coordinator;

33.14 (7) building maintenance lead worker;

33.15 (8) building maintenance supervisor 2;

33.16 (9) building utilities mechanic;

33.17 (10) carpenter;

33.18 (11) carpenter lead;

33.19 (12) central services administrative specialist intermediate;

33.20 (13) central services administrative specialist principal;

33.21 (14) central services administrative specialist senior;

33.22 (15) certified occupational therapy assistant 1;

33.23 (16) certified occupational therapy assistant 2;

33.24 (17) chaplain;

33.25 (18) client advocate;

33.26 (19) clinical program therapist 1;

33.27 (20) clinical program therapist 2;

33.28 (21) clinical program therapist 3;

- 34.1 (22) clinical program therapist 4;
- 34.2 (23) cook;
- 34.3 (24) cook coordinator;
- 34.4 (25) corrections chief cook;
- 34.5 (26) corrections discipline unit supervisor;
- 34.6 (27) corrections food services supervisor;
- 34.7 (28) corrections industries production supervisor;
- 34.8 (29) corrections inmate program coordinator;
- 34.9 (30) corrections manufacturing specialist-tool and die;
- 34.10 (31) corrections manufacturing specialist-engraving and drafting;
- 34.11 (32) corrections manufacturing specialist-graphics;
- 34.12 (33) corrections manufacturing specialist-light assembly;
- 34.13 (34) corrections manufacturing specialist-light manufacturing;
- 34.14 (35) corrections manufacturing specialist-mechanical;
- 34.15 (36) corrections manufacturing specialist-sales and service;
- 34.16 (37) corrections manufacturing specialist-transportation and warehouse;
- 34.17 (38) corrections manufacturing specialist-wood;
- 34.18 (39) corrections security caseworker;
- 34.19 (40) corrections security caseworker career;
- 34.20 (41) corrections teaching assistant;
- 34.21 (42) corrections transitions program coordinator;
- 34.22 (43) culinary supervisor; and
- 34.23 (44) customer services specialist principal.
- 34.24 Subd. 4. **Employment positions D to M.** Employment positions with a title that begins
- 34.25 with the letters "D" to "M":
- 34.26 (1) delivery van driver;
- 34.27 (2) dental assistant;

- 35.1 (3) dental hygienist;
- 35.2 (4) dentist;
- 35.3 (5) electrical/electronics specialist;
- 35.4 (6) electrician;
- 35.5 (7) electrician lead;
- 35.6 (8) electrician master of record;
- 35.7 (9) electrician supervisor;
- 35.8 (10) food service supervisor;
- 35.9 (11) food service worker;
- 35.10 (12) general maintenance worker;
- 35.11 (13) general maintenance worker lead;
- 35.12 (14) general repair worker;
- 35.13 (15) groundskeeper senior;
- 35.14 (16) group supervisor;
- 35.15 (17) group supervisor assistant;
- 35.16 (18) human services support specialist;
- 35.17 (19) institution maintenance lead worker;
- 35.18 (20) laborer trades and equipment;
- 35.19 (21) library technician;
- 35.20 (22) library/information resource services specialist;
- 35.21 (23) library/information resource services specialist supervisor;
- 35.22 (24) licensed alcohol/drug counselor;
- 35.23 (25) licensed practical nurse;
- 35.24 (26) machinery repair worker;
- 35.25 (27) maintenance machinist;
- 35.26 (28) management analyst 3;
- 35.27 (29) mason;

36.1 (30) medical assistant, certified; and

36.2 (31) music therapist.

36.3 Subd. 5. **Employment positions O to R.** Employment positions with a title that begins  
36.4 with the letters "O" to "R":

36.5 (1) occupational therapist;

36.6 (2) occupational therapist senior;

36.7 (3) painter;

36.8 (4) painter lead;

36.9 (5) physical therapist;

36.10 (6) plant maintenance engineer;

36.11 (7) plant maintenance engineer lead;

36.12 (8) plumber;

36.13 (9) plumber chief;

36.14 (10) plumber master in charge;

36.15 (11) plumber supervisor;

36.16 (12) psychiatric advanced practice registered nurse;

36.17 (13) psychologist 1;

36.18 (14) psychologist 2;

36.19 (15) psychologist 3;

36.20 (16) recreation program assistant;

36.21 (17) recreation therapist;

36.22 (18) recreation therapist coordinator;

36.23 (19) recreation therapist senior;

36.24 (20) refrigeration mechanic;

36.25 (21) registered nurse;

36.26 (22) registered nurse advanced practice;

36.27 (23) registered nurse principal;

- 37.1 (24) registered nurse senior;
- 37.2 (25) rehabilitation counselor senior; and
- 37.3 (26) residential program lead.
- 37.4 Subd. 6. **Employment positions S to W.** Employment positions with a title that begins
- 37.5 with the letters "S" to "W":
- 37.6 (1) security supervisor;
- 37.7 (2) sentencing to service crew leader, institution community work crews;
- 37.8 (3) skills development specialist;
- 37.9 (4) social work specialist;
- 37.10 (5) social work specialist senior-human services;
- 37.11 (6) social worker senior;
- 37.12 (7) special education program assistant;
- 37.13 (8) special teacher: doctoral;
- 37.14 (9) special teacher: master of arts/master of science/five-year+teachers license;
- 37.15 (10) special teacher: five-year career technical credential;
- 37.16 (11) special teacher: five-year career technical credential+10 credits;
- 37.17 (12) special teacher: five-year career technical credential+20 credits;
- 37.18 (13) special teacher: five-year career technical credential+30 credits;
- 37.19 (14) special teacher: five-year career technical credential+40 credits;
- 37.20 (15) special teacher: five-year career technical credential+50 credits;
- 37.21 (16) special teacher: bachelor of arts/bachelor of science+teachers license;
- 37.22 (17) special teacher: bachelor of arts/bachelor of science+teachers license+10 credits;
- 37.23 (18) special teacher: bachelor of arts/bachelor of science+teachers license+20 credits;
- 37.24 (19) special teacher: bachelor of arts/bachelor of science+teachers license+30 credits;
- 37.25 (20) special teacher: bachelor of arts/bachelor of science+teachers license+40 credits;
- 37.26 (21) special teacher: career technical credential;
- 37.27 (22) special teacher: master of arts/master of science+teachers license+10 graduate
- 37.28 credits;

38.1 (23) special teacher: master of arts/master of science+teachers license+20 graduate  
38.2 credits;

38.3 (24) special teacher: master of arts/master of science+teachers license+30 graduate  
38.4 credits;

38.5 (25) special teacher: no degree/teachers license;

38.6 (26) speech pathology clinician;

38.7 (27) sports medicine specialist;

38.8 (28) work therapy assistant;

38.9 (29) work therapy program coordinator; and

38.10 (30) work therapy technician.

38.11 Subd. 7. **Former employees of Minnesota Specialty Health System-Cambridge.** A  
38.12 Department of Human Services or Direct Care and Treatment employee who was employed  
38.13 at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014  
38.14 conversion to community-based homes and was in covered correctional service at the time  
38.15 of the transition will continue to be covered by the correctional employees retirement plan  
38.16 while employed in the direct care and treatment of patients by and without a break in service  
38.17 with the Department of Human Services or Direct Care and Treatment.

38.18 Sec. 7. **[352.907] PLAN COVERAGE CHANGES.**

38.19 Subdivision 1. **Correctional plan membership committee.** (a) A correctional plan  
38.20 membership committee is established to make determinations regarding changes to  
38.21 employment positions and to coverage of employees.

38.22 (b) The members of the correctional plan membership committee are:

38.23 (1) the commissioner or the commissioner's designee;

38.24 (2) the chief executive officer or the chief executive officer's designee;

38.25 (3) the executive director or the executive director's designee;

38.26 (4) the commissioner of management and budget or the commissioner's designee;

38.27 (5) one representative from each employee organization that represents one or more  
38.28 employees of the Department of Corrections or Direct Care and Treatment and who are  
38.29 covered by the correctional employees retirement plan;

39.1 (6) the human resources director or the director's designee from the Department of  
39.2 Corrections; and

39.3 (7) the human resources director or the director's designee from Direct Care and  
39.4 Treatment.

39.5 (c) A member of the correctional plan membership committee under paragraph (b),  
39.6 clause (5), need not attend a meeting of the committee if none of the employees represented  
39.7 by the employee organization will be impacted by any action to be taken by the committee  
39.8 at the meeting.

39.9 (d) If the executive director has received one or more requests for changes to the title  
39.10 of an employment position, the addition or removal of an employment position from the  
39.11 lists in section 352.905, or the commencement or cessation of coverage of an employee by  
39.12 the correctional employees retirement plan, the executive director must convene the  
39.13 correctional plan membership committee at least as frequently as once every calendar quarter.  
39.14 If the executive director has not received any requests during a calendar quarter, the executive  
39.15 director is not required to convene a meeting.

39.16 (e) The human resources directors of the Department of Corrections and Direct Care  
39.17 and Treatment must retain each request to the correctional plan membership committee and  
39.18 the related documentation and final determination for an employee or employment position  
39.19 in their respective department or agency.

39.20 Subd. 2. **Change in the title of an employment position.** (a) No later than 60 days  
39.21 before the effective date of a change in the title of an employment position listed in section  
39.22 352.905, the Department of Corrections or Direct Care and Treatment, as applicable, must  
39.23 submit a request to the commissioner of management and budget to review the title change  
39.24 and determine whether the responsibilities of the employment position have changed. The  
39.25 commissioner of management and budget must provide a response to the Department of  
39.26 Corrections or Direct Care and Treatment, as applicable, by the effective date of the change.

39.27 (b) If the commissioner of management and budget determines that the responsibilities  
39.28 of the employment position have not changed or the responsibilities of the employment  
39.29 position have changed but the changes do not affect the eligibility of the employment position  
39.30 for coverage by the correctional employees retirement plan, the department or agency, as  
39.31 applicable, must:

39.32 (1) submit the title change to the executive director of the Legislative Commission on  
39.33 Pensions and Retirement before the start of the next legislative session and request legislation  
39.34 to replace the title in section 352.905 with the new title; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that the title change will not affect the continued coverage of the employee by the correctional employees retirement plan and that the department or agency, as applicable, has submitted a request to the legislature to change the title in section 352.905.

(c) If the commissioner of management and budget determines that the responsibilities of the employment position have changed and the changes result in the employment position no longer being qualified for coverage by the correctional employees retirement plan, the employer must:

(1) submit a request to the correctional plan membership committee for confirmation that the employment position must be removed from the lists of employment positions in section 352.905; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that a determination was made by the commissioner of management and budget that, because the responsibilities of the employment position have changed, the employment position and all employees in the employment position are no longer eligible for coverage by the correctional employees retirement plan subject to confirmation by the correctional plan membership committee.

**Subd. 3. Transfers to new eligible facility or eligible program.** (a) If the Department of Corrections or Direct Care and Treatment adds a facility to the list of eligible facilities under section 352.901, subdivision 8, or a program to the list of eligible programs under section 352.901, subdivision 9, and the department or agency, as applicable, responsible for the new facility or program transfers a state employee who was rendering covered correctional service under section 352.905 to the new facility or program, the state employee must continue to be covered by the correctional employees retirement plan if the employee is employed in the same employment position at the new facility or in the new program.

(b) The employee continues to be covered by the correctional employees retirement plan unless the department or agency, as applicable, completes the process under subdivision 5 and the correctional plan membership committee has determined that the employee no longer qualifies for coverage.

**Subd. 4. Procedures for making employment position changes.** (a) The correctional plan membership committee must consider requests to add or remove an employment position listed in section 352.905, subdivisions 3 to 6, or to confirm a determination under subdivision 2 by the commissioner of management and budget that, because the



41.1 responsibilities of the employment position have changed, the employment position and all  
41.2 employees in the employment position are no longer eligible for coverage by the correctional  
41.3 employees retirement plan.

41.4 (b) An employee, employee organization, or employer may submit a request to the  
41.5 correctional plan membership committee to add an employment position to section 352.905,  
41.6 subdivisions 3 to 6. The correctional plan membership committee may determine that an  
41.7 employment position must be added if the committee determines that at least one employee  
41.8 in the employment position satisfies the direct contact requirement.

41.9 (c) The correctional plan membership committee may, at the request of an employer,  
41.10 determine under this subdivision or confirm a determination under subdivision 2, clause  
41.11 (2), that an employment position must be removed from the lists in section 352.905,  
41.12 subdivisions 3 to 6, if the committee determines that no employee in the employment  
41.13 classification satisfies the direct contact requirement.

41.14 (d) The correctional plan membership committee must include an effective date in any  
41.15 determination to add or remove an employment position from the lists in section 352.905,  
41.16 subdivisions 3 to 6. The effective date may be retroactive for a determination to add an  
41.17 employment position.

41.18 (e) If the correctional plan membership committee determines that an employment  
41.19 position must be added to or removed from the lists of employment positions in section  
41.20 352.905, subdivisions 3 to 6, the department or agency affected by the determination must  
41.21 submit the employment position change to the executive director of the Legislative  
41.22 Commission on Pensions and Retirement before the start of the next legislative session and  
41.23 request legislation to make the change.

41.24 (f) After making a determination that an employment position must be added to or  
41.25 removed from the lists of employment positions in section 352.905, subdivisions 3 to 6, the  
41.26 correctional plan membership committee must designate a member of the committee to  
41.27 communicate the committee's determination to all affected employees no later than ten days  
41.28 after the date of the meeting at which the determination was made and inform the employees  
41.29 of the right to appeal the determination under subdivision 6.

41.30 Subd. 5. **Procedures for adding or ceasing coverage for employees.** (a) The correctional  
41.31 plan membership committee must consider requests to provide coverage by the correctional  
41.32 employees retirement plan to an employee in an employment position listed in section  
41.33 352.905, subdivisions 3 to 6, or to cease coverage of an employee.

(b) An employee, an employee's employee organization, or an employee's manager may submit a request to the correctional plan membership committee to provide coverage to an employee in an employment position listed in section 352.905, subdivisions 3 to 6. The request may include a description of the extent of the physical hazard that the employee is routinely subjected to in the course of employment, the extent of intervention routinely expected of the employee in the event of a facility incident, and the extent the employee is routinely involved in the rehabilitation, treatment, custody, or supervision of patients, clients, or incarcerated persons. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employer's human resources director or the director's designee and the commissioner or the chief executive officer, as applicable, that the employee satisfies the direct contact requirement.

(c) An employer may submit a request to the correctional plan membership committee to cease coverage of an employee. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee's employer that the employee no longer satisfies the direct contact requirement.

(d) The correctional plan membership committee must include an effective date in any determination that an employee must begin to receive coverage by the correctional employees retirement plan or that coverage must cease. The effective date may be retroactive to the date as of which the coverage requirements were first satisfied or were no longer met.

(e) After making a determination of coverage or no coverage for an employee, the correctional plan membership committee must designate a member of the committee to communicate the committee's determination to the affected employee no later than ten days after the date of the meeting at which the determination was made and inform the employee of the right to appeal the determination under subdivision 6.

Subd. 6. **Right to appeal.** (a) No later than 30 days after receiving a determination under subdivision 4 or 5, the affected employee may appeal a determination of the correctional plan membership committee by filing an appeal with the human resources manager of the department or agency, as applicable, in which the employee is employed. The appeal must include:

(1) the reasons for the appeal and rationale for a determination that the employee be covered by the correctional employees retirement plan; and

(2) new or additional information, if any, not previously submitted or considered by the correctional plan membership committee, including a new or revised position description and samples of work product.

(b) The appeal must be decided by the commissioner of corrections if the employee is an employee of the Department of Corrections or by the chief executive officer of Direct Care and Treatment if the employee is an employee of Direct Care and Treatment. The decision of the commissioner or chief executive officer, as applicable, is final.

(c) A determination not timely appealed under paragraph (a) is not entitled to further administrative or judicial review. A determination under subdivision 4 or 5 or an appeal decided under paragraph (b) may not be appealed under section 356.96.

Sec. 8. **[352.908] CORRECTION OF PLAN COVERAGE ERRORS.**

Section 356.637 applies if an employee is erroneously covered by:

(1) the correctional employees retirement plan when the employee should have been covered by one of the other plans specified in section 356.637; or

(2) a plan specified in section 356.637, other than the correctional employees retirement plan, when the employee should have been covered by the correctional employees retirement plan.

Sec. 9. Minnesota Statutes 2024, section 352.93, subdivision 1, is amended to read:

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section ~~352.91~~ 352.905 who has reached age 55 years and is vested under section 352.925, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

Sec. 10. Minnesota Statutes 2024, section 352.955, subdivision 1, is amended to read:

Subdivision 1. **Election to transfer prior MSRS-general service credit.** (a) An eligible employee described in paragraph (b) may elect to transfer service credit in the general state employees retirement plan of the Minnesota State Retirement System to the correctional state employees retirement plan for eligible prior correctional employment.

(b) An eligible employee is a person who ~~is covered by legislation implementing the recommendations under section 352.91, subdivision 4a~~ the correctional plan membership

44.1 committee determines is entitled to coverage by the correctional employees retirement plan  
44.2 under section 352.907.

44.3 (c) Eligible prior correctional employment is employment covered by the general state  
44.4 employees retirement plan of the Minnesota State Retirement System, is continuous service,  
44.5 and is certified by the commissioner of corrections and the Direct Care and Treatment  
44.6 executive board, whichever applies, and by the commissioner of management and budget  
44.7 to the executive director of the Minnesota State Retirement System as service that would  
44.8 qualify for correctional state employees retirement plan coverage under section ~~352.91~~  
44.9 352.905, if the service had been rendered after the date of coverage transfer.

44.10 (d) The election to transfer past service credit under this section must be made in writing  
44.11 by the applicable person on a form prescribed by the executive director of the Minnesota  
44.12 State Retirement System and must be filed with the executive director of the Minnesota  
44.13 State Retirement System on or before the one year anniversary of the coverage transfer or  
44.14 the date of the eligible employee's termination of state employment, whichever is earlier.

44.15 Sec. 11. **REPEALER.**

44.16 Minnesota Statutes 2024, section 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h,  
44.17 3i, 3j, 4a, 4b, 4c, and 6, are repealed.

44.18 Sec. 12. **EFFECTIVE DATE.**

44.19 Sections 1 to 11 are effective January 1, 2026.

44.20 **ARTICLE 6**

44.21 **HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN**

44.22 Section 1. Minnesota Statutes 2024, section 356.24, subdivision 1, is amended to read:

44.23 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other  
44.24 governmental subdivision or state agency to levy taxes for or to contribute public funds to  
44.25 a supplemental pension or deferred compensation plan that is established, maintained, and  
44.26 operated in addition to a primary pension program for the benefit of the governmental  
44.27 subdivision employees other than:

44.28 (1) to a supplemental pension plan that was established, maintained, and operated before  
44.29 May 6, 1971;

44.30 (2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) to a deferred compensation plan defined in subdivision 3;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,700~~ \$4,300 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;

(11) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(12) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(13) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5;

(14) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment; or

(15) to a supplemental plan organized and operated under the Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

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

## ARTICLE 7

### STATE AUDITOR'S FIRE RELIEF ASSOCIATION WORKING GROUP

Section 1. Minnesota Statutes 2024, section 424A.014, subdivision 2, is amended to read:

**Subd. 2. Financial statement.** (a) The board of trustees of each firefighters relief association that is not required to and does not choose to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable, and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in

accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality;

(2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the firefighters relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The firefighters relief association board must submit a copy of the detailed financial statement required under paragraph (a) that has been certified by the governing body of the municipality to the state auditor on or before ~~March 31~~ June 30 after the close of the fiscal year.

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

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 424A.015, subdivision 4, is amended to read:

Subd. 4. ~~Transfer to individual retirement account~~ Right to elect a direct rollover. A relief association that is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, and that provides a single payment service pension, at the written request of the applicable retiring member or, following the death of the active member, at the written request of the deceased member's surviving spouse, may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension or the survivor benefit attributable to the member, whichever applies, to the requesting person's individual retirement account under section 408(a) of the Internal Revenue Code, as amended. A relief association must permit a member, a surviving spouse, or another distributee as defined in section 356.633, subdivision 1, paragraph (b), to elect a direct rollover of any distribution

that is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph (d), subject to the terms and conditions of section 356.633.

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

Sec. 3. Minnesota Statutes 2024, section 424A.016, subdivision 2, is amended to read:

**Subd. 2. Defined contribution service pension eligibility.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay as soon as practicable out of the assets of its special fund a defined contribution service pension to each of its members who:

(1) separates from active service with the fire department;

(2) ~~reaches age 50~~ submits a valid written application for the distribution;

(3) completes at least five years of active service as an active member of the fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution toward a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a firefighter under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 477B.

**EFFECTIVE DATE.** This section is effective January 1, 2026.



49.1 Sec. 4. Minnesota Statutes 2024, section 424A.016, subdivision 6, is amended to read:

49.2 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a  
49.3 relief association who has separated from active service and membership and has completed  
49.4 the minimum service and membership requirements in subdivision 2. The requirement that  
49.5 a member separate from active service and membership is waived for ~~persons~~ any person  
49.6 ~~who have~~ has discontinued ~~their~~ volunteer firefighter and paid on-call firefighter duties and  
49.7 ~~who are~~ is employed on a part-time or full-time basis under section 424A.015, subdivision  
49.8 1.

49.9 (b) A deferred member is entitled to receive a deferred service pension ~~when~~ as soon as  
49.10 practicable after the member reaches at least age 50, or at least the minimum age specified  
49.11 ~~in the bylaws governing the relief association if that age is greater than age 50, and makes~~  
49.12 submits a valid written application for the distribution and complies with any conditions as  
49.13 to age prescribed by the relief association's bylaws.

49.14 (c) A defined contribution relief association must credit interest or additional investment  
49.15 performance on the deferred lump-sum service pension during the period of deferral for all  
49.16 deferred members on or after January 1, 2021. A defined contribution relief association  
49.17 may specify in its bylaws the method by which it will credit interest or additional investment  
49.18 performance to the accounts of deferred members. Such method shall be limited to one of  
49.19 the three methods provided in this paragraph. In the event the bylaws do not specify a  
49.20 method, the interest or additional investment performance must be credited using the method  
49.21 defined in clause (3). The permissible methods are:

49.22 (1) at the investment performance rate actually earned on that portion of the assets if the  
49.23 deferred benefit amount is invested by the relief association in a separate account established  
49.24 and maintained by the relief association;

49.25 (2) at the investment performance rate actually earned on that portion of the assets if the  
49.26 deferred benefit amount is invested in a separate investment vehicle held by the relief  
49.27 association; or

49.28 (3) at the investment return on the assets of the special fund of the defined contribution  
49.29 relief association in proportion to the share of the assets of the special fund to the credit of  
49.30 each individual deferred member account.

49.31 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw  
49.32 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall  
49.33 apply to members already in deferred status as of January 1, 2021.

(e) Unless the bylaws provide differently, interest or additional investment performance must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension.

(f) Notwithstanding the requirements of section 424A.015, subdivision 6, a relief association that amends its bylaws to lower the required minimum retirement age may specify in the bylaws amendment that the lower minimum retirement age applies to members who separated from active service and membership prior to the effective date of the bylaws amendment.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 5. Minnesota Statutes 2024, section 424A.05, subdivision 3, is amended to read:

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

(1) for the payment or direct rollover under section 356.633 of service pensions to ~~retired~~ members of the relief association if authorized and paid under law and the bylaws governing the relief association;

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

(3) for the payment or direct rollover under section 356.633 of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment or direct rollover under section 356.633 of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

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

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

51.5 (7) for the payment of administrative expenses of the relief association as authorized  
51.6 under subdivision 3b; and

51.7 (8) for the payment or direct rollover under section 356.633 of a service pension to the  
51.8 former spouse of a member or former member of a relief association, if the former spouse  
51.9 is an alternate payee designated in a qualified domestic relations order under subdivision  
51.10 5.

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

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

51.18 Sec. 6. Minnesota Statutes 2024, section 424A.06, subdivision 2, is amended to read:

51.19 Subd. 2. **General fund assets and revenues.** (a) The general fund, if established, must  
51.20 be credited with the following:

51.21 (1) all money received from dues ~~other than dues payable as contributions under the~~  
51.22 ~~bylaws of the relief association to the special fund;~~

51.23 (2) all money received from fines;

51.24 (3) all money received from initiation fees;

51.25 (4) all money received as entertainment revenues; and

51.26 (5) any money or property donated, given, granted or devised by any person, either for  
51.27 the support of the general fund of the relief association or for unspecified purposes.

51.28 (b) The treasurer of the relief association is the custodian of the assets of the general  
51.29 fund and must be the recipient on behalf of the general fund of all revenues payable to the  
51.30 general fund. The treasurer shall maintain adequate records documenting any transaction  
51.31 involving the assets or the revenues of the general fund. These records must be open for  
51.32 inspection by any member of the relief association at reasonable times and places.

52.1        **EFFECTIVE DATE.** This section is effective January 1, 2026.

52.2        Sec. 7. Minnesota Statutes 2024, section 424A.092, subdivision 2, is amended to read:

52.3            Subd. 2. **Determination of accrued liability.** ~~(a) Beginning with the calculation~~  
52.4 ~~performed in 2021 for the 2022 calendar year,~~ Each firefighters relief association which  
52.5 pays a lump-sum service pension shall determine the accrued liability of the special fund  
52.6 of the firefighters relief association relative to each active member of the relief association,  
52.7 calculated using the applicable appendix to the standards for actuarial work established by  
52.8 the Legislative Commission on Pensions and Retirement under section 3.85, subdivision  
52.9 10.

52.10          ~~(b) For calendar years before 2022, each firefighters relief association shall determine~~  
52.11 ~~the accrued liability of the special fund of the firefighters relief association relative to each~~  
52.12 ~~active member of the relief association, calculated individually using the following table:~~

52.13	Cumulative	Accrued
52.14	Year	Liability
52.15	.....	.....
52.16	1	\$ 60
52.17	2	124
52.18	3	190
52.19	4	260
52.20	5	334
52.21	6	410
52.22	7	492
52.23	8	576
52.24	9	666
52.25	10	760
52.26	11	858
52.27	12	962
52.28	13	1070
52.29	14	1184
52.30	15	1304
52.31	16	1428
52.32	17	1560
52.33	18	1698
52.34	19	1844
52.35	20	2000
52.36	21 and thereafter	100 additional per year

~~As set forth in the table the accrued liability for each member of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active member is determined by multiplying the accrued liability from the chart by the ratio of the lump-sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service.~~

~~(e)~~ (b) If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active member of the relief association.

~~(d)~~ (c) To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

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

Sec. 8. Minnesota Statutes 2024, section 424A.092, subdivision 3, is amended to read:

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

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

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

(2) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31, must be calculated. To the extent possible, for those assets for which a market value is readily ascertainable, the current market value as of the date of the calculation for those assets must be utilized in making this calculation. For any asset for

54.1 which no market value is readily ascertainable, the cost value or the book value, whichever  
54.2 is applicable, must be utilized in making this calculation.

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

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

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

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

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

54.21 (4) If the special fund is fully funded, the financial requirements of the special fund for  
54.22 the following calendar year are the total of the amounts calculated under clauses (2) and  
54.23 (3).

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

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

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, and an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, ~~and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year.~~ A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 424A.092, subdivision 4, is amended to read:

Subd. 4. **Certification of financial requirements and minimum municipal obligation; levy.** (a) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 3 on or before August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(b) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 424A.014. The schedule forms related to the determination of the financial requirements must be filed annually with the state auditor by ~~March 31, annually, if the relief association is required to file a financial statement under section 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file a financial report and audit under section 424A.014, subdivision 1.~~

(c) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue.

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

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

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

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 10. Minnesota Statutes 2024, section 424A.093, subdivision 5, is amended to read:

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

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year ~~and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during~~



57.1 ~~the following calendar year.~~ A reasonable amount of anticipated fire state aid is an amount  
57.2 that does not exceed the fire state aid actually received in the prior year multiplied by the  
57.3 factor 1.035.

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

57.12 (d) The financial requirements of the relief association and the minimum municipal  
57.13 obligation must be included in the financial report or financial statement under section  
57.14 424A.014.

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

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

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

57.33 **EFFECTIVE DATE.** This section is effective January 1, 2026.

58.1 Sec. 11. **REPEALER.**

58.2 Minnesota Statutes 2024, section 424A.015, subdivision 5, is repealed.

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

58.4 **ARTICLE 8**

58.5 **FIREFIGHTERS RELIEF ASSOCIATIONS**

58.6 Section 1. Minnesota Statutes 2024, section 424A.02, subdivision 3, is amended to read:

58.7 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph  
58.8 (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in  
58.9 its bylaws a service pension amount above the following maximum amounts:

58.10 (1) for a defined benefit relief association in which the governing bylaws provide for a  
58.11 monthly service pension, the maximum monthly service pension amount per month for each  
58.12 year of service credited is the lesser of \$100 or the maximum monthly service pension  
58.13 amount that could be adopted by the relief association as a bylaws amendment that satisfies  
58.14 section 424A.093, subdivision 6, paragraph (d); and

58.15 (2) for a defined benefit relief association in which the governing bylaws provide for a  
58.16 lump-sum service pension, the maximum lump-sum service pension amount for each year  
58.17 of service credited is the lesser of ~~\$15,000~~ \$20,000 or the maximum lump-sum service  
58.18 pension amount that could be adopted by the relief association as a bylaws amendment that  
58.19 satisfies section 424A.092, subdivision 6, paragraph (e).

58.20 (b) A defined benefit relief association may set in its bylaws a service pension amount  
58.21 that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only  
58.22 if the service pension amount has been ratified by the municipality.

58.23 (1) For a defined benefit relief association that pays a monthly service pension, the  
58.24 maximum monthly service pension amount per month for each year of service credited is  
58.25 \$100.

58.26 (2) For a defined benefit relief association that pays a lump-sum service pension, the  
58.27 maximum lump-sum service pension amount for each year of service credited is ~~\$15,000~~  
58.28 \$20,000.

58.29 (c) The method of calculating service pensions must be applied uniformly for all years  
58.30 of active service. Credit must be given for all years of active service, unless the bylaws of  
58.31 the relief association provide that service credit is not given for:

59.1 (1) years of active service in excess of caps on service credit; or

59.2 (2) years of active service earned by a former member who:

59.3 (i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire  
59.4 department before becoming vested under subdivision 2; and

59.5 (ii) has not resumed active service with the fire department and active membership in  
59.6 the relief association for a period as defined in the relief association's bylaws, of not less  
59.7 than five years.

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

59.9 Sec. 2. **REPEALER.**

59.10 Minnesota Statutes 2024, section 356A.06, subdivision 5, is repealed.

59.11 **ARTICLE 9**

59.12 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

59.13 Section 1. Minnesota Statutes 2024, section 187.03, subdivision 5, is amended to read:

59.14 Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed  
59.15 by a covered employer and who satisfies any other criteria established by the board.

59.16 (b) Covered employee does not include:

59.17 (1) a person who, on December 31 of the preceding calendar year, was younger than 18  
59.18 years of age;

59.19 (2) a person covered under the federal Railway Labor Act, as amended, United States  
59.20 Code, title 45, sections 151 et seq.;

59.21 (3) a person on whose behalf an employer makes contributions to a Taft-Hartley  
59.22 multiemployer pension trust fund; ~~or~~

59.23 (4) a person employed by the government of the United States, another country, the state  
59.24 of Minnesota, another state, or any subdivision thereof; or

59.25 (5) a person employed on a temporary or seasonal basis for a limited duration, which  
59.26 the employer determines at the time the person is hired will not extend beyond 180 days.

59.27 (c) A person described in paragraph (b), clause (5), may elect to have contributions  
59.28 deducted from the person's paycheck for remittance to the program, but only if the employer  
59.29 would otherwise be considered a covered employer.

Sec. 2. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to read:

**Subd. 6a. Enrollment window.** "Enrollment window" means the period established by the board, according to a phase-in schedule approved under Laws 2023, chapter 46, section 10, subdivision 1, paragraph (b), that is applicable to each covered employer and during which the covered employer is first required to provide information to covered employees and enroll covered employees who do not elect to opt out of the program.

Sec. 3. Minnesota Statutes 2024, section 187.03, subdivision 7, is amended to read:

**Subd. 7. Executive director.** "Executive director" means the chief executive and administrative head of the program or, if an executive director has not been appointed, executive director means the interim executive director, if one has been appointed.

Sec. 4. Minnesota Statutes 2024, section 187.03, subdivision 7a, is amended to read:

**Subd. 7a. Home and community-based services employee.** "Home and community-based services employee" means an individual ~~employed by the individual's child or spouse~~ who is not an employee of a provider agency and who is selected by and working under the direction of a participant in a covered program to provide to the participant:

(1) consumer-directed community supports services under sections 256B.092 and 256B.49 and chapter 256S or under the alternative care program authorized under section 256B.0913; or

(2) services under the community first services and supports program authorized under section 256B.85 and Minnesota's federally approved waiver programs.

This definition applies only to this chapter and does not create any other legal rights or obligations under state or federal law.

Sec. 5. Minnesota Statutes 2024, section 187.05, is amended by adding a subdivision to read:

**Subd. 1a. Certification by employers that are not covered employers.** (a) Any entity or person may file a certification with the executive director on a form prescribed by the executive director and provide documentation in support of the certification, as requested by the executive director, stating that the entity or person is not a covered employer. The

61.1 certification must state that the entity or person is not a covered employer for one or more  
61.2 of the following reasons:

61.3 (1) the entity or person has not been engaged for at least 12 months in a business, industry,  
61.4 profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

61.5 (2) the entity or person does not employ five or more employees;

61.6 (3) the entity or person sponsors or contributes to or, in the immediately preceding 12  
61.7 months, sponsored or contributed to a retirement savings plan for its employees; or

61.8 (4) the entity is a political subdivision of the state or federal government.

61.9 (b) Within 30 days of receiving the certification, the executive director must accept the  
61.10 certification or issue a determination that the entity or person is a covered employer and  
61.11 subject to the requirements of section 187.07.

61.12 (c) The entity or person may appeal the executive director's determination by filing an  
61.13 appeal with the board of directors no later than 30 days after receipt of the determination.

61.14 Sec. 6. Minnesota Statutes 2024, section 187.05, subdivision 4, is amended to read:

61.15 Subd. 4. **Contribution rate.** (a) The board ~~must establish default, minimum, and~~  
61.16 ~~maximum~~ may change the required employee contribution rates and ~~an~~ the escalation  
61.17 ~~schedule to automatically increase each covered employee's contribution rate annually until~~  
61.18 ~~the contribution rate is equal to the maximum contribution rate~~ under section 187.07,  
61.19 subdivision 1. The board must provide all covered employers with notice of a change in  
61.20 employee contribution rates or the escalation schedule at least six months in advance of the  
61.21 effective date of the change.

61.22 (b) A covered employee must have the right, annually or more frequently as determined  
61.23 by the board, to change the contribution rate, opt out or elect not to contribute, or cease  
61.24 contributions.

61.25 Sec. 7. Minnesota Statutes 2024, section 187.05, subdivision 6, is amended to read:

61.26 Subd. 6. **Withdrawals and distributions.** The board must establish alternatives  
61.27 permitting covered employees to take a withdrawal of all or a portion of the covered  
61.28 employee's account while employed and one or more distributions following termination  
61.29 of employment. By July 1, 2028, the board must include lifetime income options as  
61.30 distribution alternatives ~~must include lifetime income options.~~

62.1 Sec. 8. Minnesota Statutes 2024, section 187.07, subdivision 1, is amended to read:

62.2 Subdivision 1. **Requirement to enroll employees.** (a) Each covered employer must  
62.3 enroll its covered employees in the program and withhold payroll deduction contributions  
62.4 from each covered employee's paycheck no later than 30 days after the covered employee's  
62.5 first day of employment, unless the covered employee has elected not to contribute.

62.6 (b) Unless the board has approved a different rate or rates under section 187.05,  
62.7 subdivision 4, or a covered employee has elected a different contribution rate or not to  
62.8 contribute, the employee contribution rates and escalation schedule are:

62.9 (1) five percent of pay for the covered employee's first year of participation;

62.10 (2) six percent of pay for the covered employee's second year of participation;

62.11 (3) seven percent of pay for the covered employee's third year of participation; and

62.12 (4) eight percent of pay for the covered employee's fourth year of participation and each  
62.13 year thereafter.

62.14 (c) Paragraph (a) does not apply to a covered employer until the covered employer's  
62.15 enrollment window has opened. No later than 30 days after the end of the enrollment window,  
62.16 the covered employer must have enrolled all covered employees, except for any covered  
62.17 employee who has elected not to contribute.

62.18 (d) The executive director must communicate annually by email or otherwise in writing  
62.19 to each covered employee:

62.20 (1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in  
62.21 effect under section 408 and 408A, respectively, of the Internal Revenue Code; and

62.22 (2) notice that it is the responsibility of the covered employee to reduce the covered  
62.23 employee's contribution rate from the rate under paragraph (b) as necessary to stay within  
62.24 the limit under section 408 or section 408A of the Internal Revenue Code that is applicable  
62.25 to the covered employee and the type of IRA to which the contributions are being credited.

62.26 Sec. 9. Minnesota Statutes 2024, section 187.07, subdivision 2, is amended to read:

62.27 Subd. 2. **Remitting contributions.** Notwithstanding section 181.06, a covered employer  
62.28 must timely remit payroll deduction contributions as required by the board withheld from  
62.29 the paycheck of each covered employee to the program as soon as practicable after the  
62.30 deduction is taken and no later than 30 days after the date of each paycheck.

63.1 Sec. 10. Minnesota Statutes 2024, section 187.07, subdivision 3, is amended to read:

63.2 Subd. 3. **Distribution of information.** (a) Covered employers must provide information  
63.3 prepared by the board to all covered employees regarding the program. The information  
63.4 must be provided to each covered employee ~~at least 30~~ no later than 14 days ~~prior to the~~  
63.5 ~~date of the first paycheck from which employee contributions could be deducted for~~  
63.6 ~~transmittal to the program, if the covered employee does not elect to opt out of the program~~  
63.7 after the covered employee's first day of employment.

63.8 (b) Paragraph (a) does not apply to a covered employer until the covered employer's  
63.9 enrollment window has opened. No later than 14 days before the date of the first paycheck  
63.10 from which employee contributions could be deducted for transmittal to the program, the  
63.11 covered employer must provide the information prepared by the board regarding the program  
63.12 to all covered employees of the covered employer.

63.13 Sec. 11. Minnesota Statutes 2024, section 187.07, subdivision 6, is amended to read:

63.14 Subd. 6. **Enforcement.** (a) As described under section 187.12, the board may impose:

63.15 (1) statutory civil penalties against any covered employer that fails to comply with  
63.16 ~~subdivisions~~ subdivision 1, 2, and or 3; and

63.17 (2) statutory civil or criminal penalties against any covered employer that fails to comply  
63.18 with subdivision 2.

63.19 (b) At the request of the board, the attorney general shall enforce the penalties imposed  
63.20 by the board against a covered employer. Proceeds of such penalties, after deducting  
63.21 enforcement expenses, must be deposited in the Secure Choice administrative fund and are  
63.22 appropriated to the program.

63.23 (c) The board must provide ~~covered employers with~~ written warnings to any covered  
63.24 employer that fails to comply with subdivision 1 or 3 or both subdivisions 1 and 3 for the  
63.25 first year two years of noncompliance before assessing. If the covered employer has not  
63.26 complied with subdivision 1 or 3 during the two-year period after the date on which the  
63.27 covered employer was first required to comply with subdivision 1 or 3, as applicable, the  
63.28 board must assess penalties.

63.29 Sec. 12. Minnesota Statutes 2024, section 187.08, subdivision 3, is amended to read:

63.30 Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except for:

64.1 (1) the executive directors of the Minnesota State Retirement System and the State Board  
64.2 of Investment, who serve indefinitely; and

64.3 (2) the initial term of the member who is an executive or other professional with  
64.4 substantial experience in retirement plan investments under subdivision 1, clause (3), item  
64.5 (iii), and the member who is a human resources executive under subdivision 1, clause (4),  
64.6 is three years.

64.7 (b) Board members' terms may be renewed, but no member may serve more than two  
64.8 consecutive terms.

64.9 Sec. 13. Minnesota Statutes 2024, section 187.08, subdivision 7, is amended to read:

64.10 Subd. 7. **Executive director; staff.** (a) The board must appoint an executive director,  
64.11 determine the duties of the executive director, and set the compensation of the executive  
64.12 director. The board may appoint an interim executive director to serve as executive director  
64.13 during any period that the executive director position is vacant.

64.14 (b) The executive director may participate in deliberations but must not vote on any  
64.15 matter before the board. The executive director must not participate in deliberations on any  
64.16 matter before the board that results or is likely to result in direct measurable economic gain  
64.17 to the executive director or the executive director's family.

64.18 (c) The executive director must file with the Campaign Finance and Public Disclosure  
64.19 Board an economic interest statement in a manner prescribed by section 10A.09, subdivisions  
64.20 5 and 6.

64.21 ~~(b)~~ (d) The board may hire staff as necessary to support the board and the executive  
64.22 director ~~or interim executive director~~ in performing their duties or the board may authorize  
64.23 the executive director ~~or interim executive director~~ to hire staff.

64.24 Sec. 14. Minnesota Statutes 2024, section 187.11, is amended to read:

64.25 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

64.26 (a) The board may enter into intergovernmental agreements with the commissioner of  
64.27 revenue, the commissioner of labor and industry, the commissioner of employment and  
64.28 economic development, and any other state agency that the board deems necessary or  
64.29 appropriate to provide outreach, technical assistance, or compliance services. An agency  
64.30 that enters into an intergovernmental agreement with the board pursuant to this section must  
64.31 collaborate and cooperate with the board to provide the outreach, technical assistance, or  
64.32 compliance services under any such agreement. The board, executive director, and program



65.1 staff must maintain the privacy of data obtained under any intergovernmental agreement if  
65.2 required under chapter 13.

65.3 (b) For purposes of section 268.19, subdivision 1, paragraph (a), clause (20), "assisting  
65.4 with communication with employers and to verify employer compliance with chapter 187"  
65.5 means providing the executive director with at least the following information for employers,  
65.6 to the extent available to the commissioner of employment and economic development:

65.7 (1) federal employer identification number;

65.8 (2) business name, address, mailing address, email address, and phone number;

65.9 (3) number of employees; and

65.10 (4) employer industry code.

65.11 ~~(b)~~ (c) The commissioner of administration must provide office space in the Capitol  
65.12 complex for the executive director and staff of the program.

65.13 Sec. 15. **[187.12] PENALTIES FOR NONCOMPLIANCE.**

65.14 Subdivision 1. Failure to enroll covered employees or distribute information. (a)  
65.15 The board may assess penalties against a covered employer that fails to comply with section  
65.16 187.07, subdivision 1 or 3 or both subdivisions 1 and 3, beginning with the second  
65.17 anniversary of the date on which the covered employer was first required to comply with  
65.18 section 187.07, subdivision 1 or 3, as applicable.

65.19 (b) The board may assess the following penalties for a covered employer's failure to  
65.20 comply with section 187.07, subdivision 1 or 3:

65.21 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed  
65.22 \$4,000;

65.23 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed  
65.24 \$6,000;

65.25 (3) on the fourth anniversary, a penalty of \$300 per covered employee; and

65.26 (4) on each anniversary after the fourth anniversary, a penalty of \$500 per covered  
65.27 employee.

65.28 (c) If the covered employer fails to comply with section 187.07, subdivisions 1 and 3,  
65.29 the board must assess two times the penalties in paragraph (b).

65.30 (d) The date on which a covered employer is first required to comply with section 187.07,  
65.31 subdivision 1, is the following:

(1) for paragraph (a), on or before the 30th day after the first day of employment of a covered employee hired by the covered employer; and

(2) for paragraph (b), on or before the 30th day after the end of the enrollment window applicable to the covered employer.

(e) The date on which a covered employer is first required to comply with section 187.07, subdivision 3, is the following:

(1) for paragraph (a), for a newly hired covered employee, no later than 14 days after the covered employee's first day of employment; and

(2) for paragraph (b), no later than the 14th day prior to the date of the first paycheck from which employee contributions could be deducted for transmittal to the program.

Subd. 2. **Notice and waiver.** Before assessing a penalty under subdivision 1, the board must provide the covered employer with a written notice informing the covered employer of the amount of the penalty and that the penalty will not be assessed if:

(1) the covered employer cures the violation no later than 30 days after the date of the notice; or

(2) the board waives the penalty at the request of the covered employer due to extenuating circumstances.

Subd. 3. **Failure to remit contributions.** (a) If the executive director has reason to believe, based on communication from a covered employee or another source, that a covered employer has failed to comply with section 187.07, subdivision 2, by not remitting payroll deduction contributions withheld from the paycheck of one or more covered employees within 30 days after the deduction is withheld, the executive director must make a written demand to the covered employer requiring the covered employer to immediately remit to the program the withheld contributions plus interest at the annual rate specified in section 356.59, subdivision 2, for the period beginning with the tenth day after the contribution was deducted from the covered employee's paycheck to the date the contribution is remitted to the program.

(b) Any covered employer that willfully and intentionally fails to remit a payroll deduction contribution within ten days after demand from the executive director is guilty of a misdemeanor.

(c) If the executive director issues a written demand to a covered employer under paragraph (a) for a second time, the executive director must assess a penalty of \$250 for each employee contribution withheld but not transmitted to the program.

67.1 Subd. 4. **Action; damages.** (a) A covered employee or the attorney general, upon referral  
67.2 from the board, may bring a civil action against a covered employer for a failure to enroll  
67.3 covered employees, distribute information, or remit contributions under section 187.07,  
67.4 subdivisions 1 to 3. A covered employer who is found to have violated section 187.07,  
67.5 subdivisions 1 to 3, is liable to the program for the civil penalties provided for in this section.  
67.6 A covered employer who is found to have violated section 187.07, subdivisions 1 to 3, is  
67.7 liable for compensatory damages and other appropriate relief including but not limited to  
67.8 injunctive relief.

67.9 (b) The attorney general, upon referral from the board, may bring a criminal action  
67.10 against a covered employer for the willful and intentional failure to remit contributions  
67.11 under section 187.07, subdivision 2.

67.12 (c) An action brought under paragraph (a) or (b) may be filed in the district court of the  
67.13 county in which a violation is alleged to have been committed, where the covered employer  
67.14 resides or has a principal place of business, or any other court of competent jurisdiction.

67.15 (d) In an action brought under paragraph (a) or (b), the court must order a covered  
67.16 employer who is found to have committed a violation to pay to the program or covered  
67.17 employee, as appropriate, reasonable costs, disbursements, witness fees, and attorney fees.

67.18 Sec. 16. Minnesota Statutes 2024, section 268.19, subdivision 1, is amended to read:

67.19 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from  
67.20 any person under the administration of the Minnesota Unemployment Insurance Law are  
67.21 private data on individuals or nonpublic data not on individuals as defined in section 13.02,  
67.22 subdivisions 9 and 12, and may not be disclosed except according to a district court order  
67.23 or section 13.05. A subpoena is not considered a district court order. These data may be  
67.24 disseminated to and used by the following agencies without the consent of the subject of  
67.25 the data:

67.26 (1) state and federal agencies specifically authorized access to the data by state or federal  
67.27 law;

67.28 (2) any agency of any other state or any federal agency charged with the administration  
67.29 of an unemployment insurance program;

67.30 (3) any agency responsible for the maintenance of a system of public employment offices  
67.31 for the purpose of assisting individuals in obtaining employment;

67.32 (4) the public authority responsible for child support in Minnesota or any other state in  
67.33 accordance with section 518A.83;

- 68.1 (5) human rights agencies within Minnesota that have enforcement powers;
- 68.2 (6) the Department of Revenue to the extent necessary for its duties under Minnesota  
68.3 laws;
- 68.4 (7) public and private agencies responsible for administering publicly financed assistance  
68.5 programs for the purpose of monitoring the eligibility of the program's recipients;
- 68.6 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the  
68.7 Department of Commerce for uses consistent with the administration of their duties under  
68.8 Minnesota law;
- 68.9 (9) the Department of Human Services and the Office of Inspector General and its agents  
68.10 within the Department of Human Services, including county fraud investigators, for  
68.11 investigations related to recipient or provider fraud and employees of providers when the  
68.12 provider is suspected of committing public assistance fraud;
- 68.13 (10) the Department of Human Services for the purpose of evaluating medical assistance  
68.14 services and supporting program improvement;
- 68.15 (11) local and state welfare agencies for monitoring the eligibility of the data subject  
68.16 for assistance programs, or for any employment or training program administered by those  
68.17 agencies, whether alone, in combination with another welfare agency, or in conjunction  
68.18 with the department or to monitor and evaluate the statewide Minnesota family investment  
68.19 program and other cash assistance programs, the Supplemental Nutrition Assistance Program,  
68.20 and the Supplemental Nutrition Assistance Program Employment and Training program by  
68.21 providing data on recipients and former recipients of Supplemental Nutrition Assistance  
68.22 Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child  
68.23 care assistance under chapter 142E, or medical programs under chapter 256B or 256L or  
68.24 formerly codified under chapter 256D;
- 68.25 (12) local and state welfare agencies for the purpose of identifying employment, wages,  
68.26 and other information to assist in the collection of an overpayment debt in an assistance  
68.27 program;
- 68.28 (13) local, state, and federal law enforcement agencies for the purpose of ascertaining  
68.29 the last known address and employment location of an individual who is the subject of a  
68.30 criminal investigation;
- 68.31 (14) the United States Immigration and Customs Enforcement has access to data on  
68.32 specific individuals and specific employers provided the specific individual or specific  
68.33 employer is the subject of an investigation by that agency;

69.1 (15) the Department of Health for the purposes of epidemiologic investigations;

69.2 (16) the Department of Corrections for the purposes of case planning and internal research  
69.3 for preprobation, probation, and postprobation employment tracking of offenders sentenced  
69.4 to probation and preconfinement and postconfinement employment tracking of committed  
69.5 offenders;

69.6 (17) the state auditor to the extent necessary to conduct audits of job opportunity building  
69.7 zones as required under section 469.3201;

69.8 (18) the Office of Higher Education for purposes of supporting program improvement,  
69.9 system evaluation, and research initiatives including the Statewide Longitudinal Education  
69.10 Data System; ~~and~~

69.11 (19) the Family and Medical Benefits Division of the Department of Employment and  
69.12 Economic Development to be used as necessary to administer chapter 268B; and

69.13 (20) the executive director or interim executive director of the Minnesota Secure Choice  
69.14 Retirement Program established under chapter 187 for the purposes of assisting with  
69.15 communication with employers and to verify employer compliance with chapter 187.

69.16 (b) Data on individuals and employers that are collected, maintained, or used by the  
69.17 department in an investigation under section 268.182 are confidential as to data on individuals  
69.18 and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3  
69.19 and 13, and must not be disclosed except under statute or district court order or to a party  
69.20 named in a criminal proceeding, administrative or judicial, for preparation of a defense.

69.21 (c) Data gathered by the department in the administration of the Minnesota unemployment  
69.22 insurance program must not be made the subject or the basis for any suit in any civil  
69.23 proceedings, administrative or judicial, unless the action is initiated by the department.

69.24 Sec. 17. **EFFECTIVE DATE.**

69.25 Sections 1 to 16 are effective the day following final enactment.

## ARTICLE 10

## PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES; CORRECTION OF ERRORS

Section 1. Minnesota Statutes 2024, section 353G.08, subdivision 1a, is amended to read:

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

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

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

(2) the standards for actuarial work, utilizing a six percent investment return actuarial assumption ~~and~~, other actuarial assumptions approved under section 356.215, subdivision 18~~;~~, and the amortization periods specified in section 356.215, subdivision 11.

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

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

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

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

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly division are the annual financial requirements of the monthly benefit account of the plan under paragraph (b) reduced by the amount of any fire state aid payable under chapter 477B, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the plan attributable to the entity or entities during the following calendar year. The required contribution must be allocated between the entities if more than

one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

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

**EFFECTIVE DATE.** This section is effective beginning with actuarial valuations on or after July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 356.215, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs has the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by an actuary retained under section 356.214 if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means:

(1) a person who is regularly engaged in the business of providing actuarial services and who is a fellow in the Society of Actuaries; or

(2) a firm that retains a person described in clause (1) on its staff.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 424A.093, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present

value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "Actuarial value of assets" means the market value of all assets as of the preceding June 30, reduced by:

(1) 20 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(2) 40 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(3) 60 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(4) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of the actuarial value of assets and the present value of future normal costs.



~~(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.~~

(h) "Standards for actuarial work" means the document required under section 3.85, subdivision 10, to be adopted by the Legislative Commission on Pensions and Retirement as so adopted and amended from time to time.

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

Sec. 3. Minnesota Statutes 2024, section 356.215, subdivision 4, is amended to read:

Subd. 4. **Actuarial valuation; contents.** (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the ~~most recent~~ standards for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions 5 to 15.

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

Sec. 4. Minnesota Statutes 2024, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following investment return assumption:

plan	investment return assumption
general state employees retirement plan	7%
correctional state employees retirement plan	7
State Patrol retirement plan	7
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	7
general public employees retirement plan	7
public employees police and fire retirement plan	7

74.1	local government correctional service retirement	7
74.2	plan	
74.3	teachers retirement plan	7
74.4	St. Paul teachers retirement plan	7
74.5	Bloomington Fire Department Relief Association	6
74.6	local monthly benefit volunteer firefighter relief	5
74.7	associations	
74.8	monthly benefit retirement plans in the statewide	6
74.9	volunteer firefighter retirement plan	
74.10	(b) The actuarial valuation for each of the covered retirement plans listed in section	
74.11	356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take	
74.12	into account the postretirement adjustment rate or rates applicable to the plan as specified	
74.13	in section 354A.29, subdivision 7, or 356.415, whichever applies.	
74.14	(c) The actuarial valuation must use the applicable salary increase and payroll growth	
74.15	assumptions found in the appendix to the standards for actuarial work <del>adopted by the</del>	
74.16	<del>Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision</del>	
74.17	<del>10.</del> The appendix must be updated whenever new assumptions have been approved or	
74.18	deemed approved under subdivision 18.	
74.19	(d) The assumptions set forth in the appendix to the standards for actuarial work continue	
74.20	to apply, unless a different salary assumption or a different payroll increase assumption:	
74.21	(1) has been proposed by the governing board of the applicable retirement plan;	
74.22	(2) is accompanied by the concurring recommendation of the actuary retained under	
74.23	section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most	
74.24	recent actuarial valuation report if section 356.214 does not apply; and	
74.25	(3) has been approved or deemed approved under subdivision 18.	
74.26	<b><u>EFFECTIVE DATE.</u></b> This section is effective the day following final enactment.	
74.27	Sec. 5. Minnesota Statutes 2024, section 356.215, subdivision 11, is amended to read:	
74.28	Subd. 11. <b>Amortization contributions.</b> (a) <del>In addition to the exhibit indicating the level</del>	
74.29	<del>normal cost,</del> The actuarial valuation of the retirement <u>each pension plan listed in subdivision</u>	
74.30	<u>8, paragraph (a), other than the legislators retirement plan, the Bloomington Fire Department</u>	
74.31	<u>Relief Association, and the local monthly benefit volunteer firefighter relief associations,</u>	
74.32	must contain an exhibit <del>for financial reporting purposes</del> indicating the additional annual	
74.33	contribution sufficient to amortize <u>on a level percent of payroll basis</u> the unfunded actuarial	
74.34	accrued liability <del>and must contain an exhibit indicating the additional contribution sufficient</del>	

~~to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis, resulting from any of the following changes, over the period specified for that change, except that the pension plan's unfunded actuarial accrued liability as of July 1, 2024, must be amortized over a period that ends June 30, 2048:~~

(1) experience gain or loss: 15 years;

(2) assumption or method change: 20 years;

(3) benefit change for active members: 15 years;

(4) long-term benefit change for inactive members: 15 years;

(5) short-term benefit change for inactive members: the number of years during which the benefit change will be in effect; and

(6) an annual contribution that is more or less than the actuarially determined contribution: 15 years.

(b) The amortization periods specified in paragraph (a) apply:

(1) unless the standards for actuarial work state otherwise; and

(2) except that, for the legislators retirement plan, the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability must be calculated on a level dollar basis with an amortization period of one year.

~~(b) This paragraph applies only if the calculation under this paragraph for a retirement plan results in an established date for full funding that is earlier than the established date for full funding applicable to the retirement plan under paragraph (c). For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued~~

76.1 ~~liability in the fund, the established date for full funding must be determined using the~~  
76.2 ~~following procedure:~~

76.3 ~~(i) the unfunded actuarial accrued liability of the fund must be determined in accordance~~  
76.4 ~~with the plan provisions governing annuities and retirement benefits and the actuarial~~  
76.5 ~~assumptions in effect before an applicable change;~~

76.6 ~~(ii) the level annual dollar contribution or level percentage, whichever is applicable,~~  
76.7 ~~needed to amortize the unfunded actuarial accrued liability amount determined under item~~  
76.8 ~~(i) by the established date for full funding in effect before the change must be calculated~~  
76.9 ~~using the investment return assumption specified in subdivision 8 in effect before the change;~~

76.10 ~~(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance~~  
76.11 ~~with any new plan provisions governing annuities and benefits payable from the fund and~~  
76.12 ~~any new actuarial assumptions and the remaining plan provisions governing annuities and~~  
76.13 ~~benefits payable from the fund and actuarial assumptions in effect before the change;~~

76.14 ~~(iv) the level annual dollar contribution or level percentage, whichever is applicable,~~  
76.15 ~~needed to amortize the difference between the unfunded actuarial accrued liability amount~~  
76.16 ~~calculated under item (i) and the unfunded actuarial accrued liability amount calculated~~  
76.17 ~~under item (iii) over a period of 30 years from the end of the plan year in which the applicable~~  
76.18 ~~change is effective must be calculated using the applicable investment return assumption~~  
76.19 ~~specified in subdivision 8 in effect after any applicable change;~~

76.20 ~~(v) the level annual dollar or level percentage amortization contribution under item (iv)~~  
76.21 ~~must be added to the level annual dollar amortization contribution or level percentage~~  
76.22 ~~calculated under item (ii);~~

76.23 ~~(vi) the period in which the unfunded actuarial accrued liability amount determined in~~  
76.24 ~~item (iii) is amortized by the total level annual dollar or level percentage amortization~~  
76.25 ~~contribution computed under item (v) must be calculated using the investment return~~  
76.26 ~~assumption specified in subdivision 8 in effect after any applicable change, rounded to the~~  
76.27 ~~nearest integral number of years, but not to exceed 30 years from the end of the plan year~~  
76.28 ~~in which the determination of the established date for full funding using the procedure set~~  
76.29 ~~forth in this clause is made and not to be less than the period of years beginning in the plan~~  
76.30 ~~year in which the determination of the established date for full funding using the procedure~~  
76.31 ~~set forth in this clause is made and ending by the date for full funding in effect before the~~  
76.32 ~~change; and~~

~~(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.~~

~~(c) The established date for full funding is the date provided for each of the following plans:~~

~~(i) for the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048;~~

~~(ii) for the Teachers Retirement Association, the established date for full funding is June 30, 2048;~~

~~(iii) for the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048;~~

~~(iv) for the judges retirement plan, the established date for full funding is June 30, 2048;~~

~~(v) for the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048;~~

~~(vi) for the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048; and~~

~~(vii) for the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.~~

~~(d) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.~~

**EFFECTIVE DATE.** This section is effective beginning with the July 1, 2025, actuarial valuations.

Sec. 6. Minnesota Statutes 2024, section 356.215, subdivision 17, is amended to read:

Subd. 17. **Actuarial services by approved actuaries.** (a) The actuarial valuation or quadrennial experience study must be made and any actuarial consulting services for a retirement fund or plan must be provided by an approved actuary. The actuarial valuation or quadrennial experience study must include a signed written declaration that it has been

78.1 prepared according to sections 356.20 to 356.23 and according to the ~~most recent~~ standards  
78.2 for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

78.3 (b) Actuarial valuations or experience studies prepared by an approved actuary retained  
78.4 by a retirement fund or plan must be submitted to the Legislative Commission on Pensions  
78.5 and Retirement within ten days of the submission of the document to the retirement fund  
78.6 or plan.

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

78.8 Sec. 7. Minnesota Statutes 2024, section 356.636, subdivision 2, is amended to read:

78.9 Subd. 2. **Correction of errors.** (a) The executive director of a pension fund may correct  
78.10 an ~~operational, demographic, or employer or employee eligibility error, made by a pension~~  
78.11 fund or an error in a plan document that is not a statute if the executive director determines  
78.12 that correction is necessary or appropriate to preserve and protect the tax qualification of  
78.13 any pension or retirement plan listed in section 356.611, subdivision 6, that is ~~part of~~  
78.14 administered by the pension fund. The method of correction must comply with the Internal  
78.15 Revenue Service Employee Plans Compliance Resolution System (EPCRS) or any successor  
78.16 thereto, if the EPCRS addresses the error and correction.

78.17 (b) To the extent deemed necessary by the executive director to implement correction,  
78.18 the executive director may:

78.19 (1) make distributions;

78.20 (2) transfer assets;

78.21 (3) recover an overpayment by reducing future benefit payments or designating  
78.22 appropriate revenue or source of funding that will restore to the plan the amount of the  
78.23 overpayment; or

78.24 (4) take any other action that will restore the plan and any affected member or participant  
78.25 to the position the plan, member, or participant would have been in had the error not occurred.

78.26 (c) An executive director may correct an error under paragraph (a) or (b) without regard  
78.27 to any statute that imposes a time limitation on making such correction.

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

78.29 Sec. 8. Minnesota Statutes 2024, section 356.636, subdivision 3, is amended to read:

78.30 Subd. 3. **Annual report.** (a) The executive director of each pension fund must submit  
78.31 a report annually, ~~no later than each February 1,~~ to the chair and executive director of the

Legislative Commission on Pensions and Retirement ~~on whether the executive director of the pension fund corrected any operational, demographic, employer or employee eligibility, no later than each February 1. The report must describe each error or plan document error corrected under subdivision 2 during the preceding calendar year-, other than:~~

(1) an error corrected in the ordinary course of business; and

(2) correction authorized by current law, including but not limited to correction authorized under sections 352.04, 353.27, 354.42, 356.401, and 356.637.

(b) The report must describe the error, the pension or retirement plan affected by the error, the method of correction, and the cost, if any, to the pension or retirement plan, employee, or employer of the error and correction.

(c) An error is corrected in the ordinary course of business if it is a correction or cancellation of an overpayment or an adjustment of an ongoing annuity amount.

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

## ARTICLE 11

### WORK GROUP ON PENSION PLANS FOR PROBATION OFFICERS AND 911 TELECOMMUNICATORS

Section 1. **WORK GROUP ON CREATING PENSION PLANS FOR PROBATION OFFICERS AND 911 TELECOMMUNICATORS.**

Subdivision 1. **Work group established.** The executive director of the Legislative Commission on Pensions and Retirement (commission executive director) must convene a work group for the purpose of recommending a pension plan to be administered by the Minnesota State Retirement System (MSRS) for probation officers and 911 telecommunicators who are state employees, as defined in Minnesota Statutes, section 352.01, subdivision 2, and a pension plan to be administered by the Public Employees Retirement Association (PERA) for probation officers and 911 telecommunicators who are public employees, as defined in Minnesota Statutes, section 353.01, subdivision 2.

Subd. 2. **Membership.** (a) The members of the work group are the following:

(1) the executive director of PERA, or the executive director's designee, and a second member of the PERA staff designated by the executive director;

(2) the executive director of MSRS, or the executive director's designee, and a second member of the MSRS staff designated by the executive director;

(3) the commissioner of corrections or the commissioner's designee;

- 80.1 (4) the commissioner of public safety or the commissioner's designee;
- 80.2 (5) a representative from the Minnesota Association of County Probation Officers;
- 80.3 (6) a representative from the Minnesota Corrections Association;
- 80.4 (7) a representative from the Minnesota Association of Professional Employees;
- 80.5 (8) a representative from the International Brotherhood of Teamsters Local 320;
- 80.6 (9) a representative from the American Federation of State, County and Municipal
- 80.7 Employees Council 5;
- 80.8 (10) two representatives from the Association of Minnesota Counties;
- 80.9 (11) a representative from the League of Minnesota Cities;
- 80.10 (12) a representative from the Minnesota Inter-County Association;
- 80.11 (13) a representative from the Minnesota Association of Public Safety Communications
- 80.12 Officials or the National Emergency Number Association of Minnesota;
- 80.13 (14) a representative from the Law Enforcement Labor Services;
- 80.14 (15) a representative from the Minnesota Association of Community Corrections Act
- 80.15 Counties;
- 80.16 (16) a representative from the Minnesota Professional Fire Fighters Association; and
- 80.17 (17) a representative from the Minnesota Police and Peace Officers Association.
- 80.18 (b) The commission executive director may invite others, including the commission's
- 80.19 actuary, to participate in one or more meetings of the work group.
- 80.20 (c) The organizations specified in paragraph (a) must provide the commission executive
- 80.21 director with the names and contact information for the representatives who will serve on
- 80.22 the work group by June 14, 2025.
- 80.23 Subd. 3. **Mandate.** (a) In arriving at the work group's recommendations, the work group
- 80.24 must determine:
- 80.25 (1) the features of each pension plan, including but not limited to:
- 80.26 (i) employee and employer contribution rates;
- 80.27 (ii) vesting requirements;
- 80.28 (iii) the benefit formula;
- 80.29 (iv) normal and early retirement ages;



- 81.1 (v) disability benefits;
- 81.2 (vi) postretirement adjustments;
- 81.3 (vii) the extent to which past service will be credited and paid for; and
- 81.4 (viii) definitions for "probation officer" and "911 telecommunicator";
- 81.5 (2) whether the new plans will be entirely new pension plans or whether the new plans
- 81.6 will be component pension plans similar to the special coverage for state fire marshals under
- 81.7 Minnesota Statutes, section 352.87; and
- 81.8 (3) the options that are available or could be made available for providing health care
- 81.9 to employees who take early retirement under the new pension plans.
- 81.10 (b) The work group must also consider:
- 81.11 (1) the study prepared by PERA that estimates the costs and benefits for a pension plan
- 81.12 for probation officers, 911 telecommunicators, and any other public safety adjacent
- 81.13 employees;
- 81.14 (2) the financial impact resulting from the potential cessation of benefit accruals and
- 81.15 contributions for members that transfer from the MSRS general state employees retirement
- 81.16 plan or the PERA general employees retirement plan to the new pension plan;
- 81.17 (3) options for members to purchase credit for past service, including methods for
- 81.18 purchasing credit for past service and possible sources of funding for making purchases,
- 81.19 whether from employee or employer contributions or the state;
- 81.20 (4) how contributions used to prefund benefit improvements can be made before the
- 81.21 new pension plans are operational;
- 81.22 (5) any other public safety adjacent positions, including forensic scientists, that should
- 81.23 be included in the new pension plans and how those positions should be defined;
- 81.24 (6) the balance of employee and employer contributions, including the interest in funding
- 81.25 pension benefit improvements with increased employee contributions; and
- 81.26 (7) a bill styled as 2025 H.F. No. 1779/S.F. No. 1986, also referred to as revisor number
- 81.27 25-02845, or its equivalent, passed/introduced in the 2025 regular session or special session,
- 81.28 including the testimony on the bill at the meetings of the Legislative Commission on Pensions
- 81.29 and Retirement.
- 81.30 Subd. 4. **Proposed legislation.** With the assistance of the commission executive director,
- 81.31 the work group must prepare proposed legislation that implements the recommendations

82.1 of the work group under subdivision 3. If the work group recommends more than one  
82.2 approach to improving pension benefits, the work group must provide alternative bills.  
82.3 Recommended legislation must require MSRS and PERA to have any new plan or component  
82.4 plan operational by January 1, 2027.

82.5 Subd. 5. **Due date for submitting recommendations to the commission.** The chair of  
82.6 the work group must submit the recommendations of the work group, along with proposed  
82.7 legislation that implements the recommendations, to the chair and executive director of the  
82.8 Legislative Commission on Pensions and Retirement by January 31, 2026.

82.9 Subd. 6. **Meetings; chair; administrative support.** (a) The commission executive  
82.10 director must convene the first meeting of the work group by August 1, 2025.

82.11 (b) The members of the work group must elect a chair at the first meeting.

82.12 (c) Meetings may be conducted remotely or in person or a combination of remotely and  
82.13 in person.

82.14 (d) Commission staff must provide meeting space, if needed, and administrative support  
82.15 to the chair of the work group.

82.16 Subd. 7. **Compensation; lobbying; retaliation.** (a) Members of the work group serve  
82.17 without compensation.

82.18 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter  
82.19 10A.

82.20 (c) An individual's employer or an organization or association of which an individual  
82.21 is a member must not retaliate against the individual because of the individual's participation  
82.22 in the work group.

82.23 Subd. 8. **Expiration.** The work group expires June 30, 2027.

## 82.24 **ARTICLE 12**

### 82.25 **LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT**

82.26 Section 1. Minnesota Statutes 2024, section 3.85, subdivision 2, is amended to read:

82.27 Subd. 2. **Powers.** The commission shall make a continuing study and investigation of  
82.28 retirement benefit plans applicable to nonfederal government employees in this state. The  
82.29 powers and duties of the commission include, but are not limited to the following:

82.30 (a) studying retirement benefit plans applicable to nonfederal government employees  
82.31 in Minnesota, including federal plans available to the employees;

83.1 (b) making recommendations within the scope of its study, including attention to financing  
83.2 of the various pension funds and financing of accrued liabilities;

83.3 (c) considering all aspects of pension planning and operation and making  
83.4 recommendations designed to establish and maintain sound pension policy for all funds;

83.5 (d) analyzing ~~each item of~~ proposed pension and retirement legislation, including  
83.6 amendments to ~~each~~, with particular reference to analysis of ~~their~~ the legislation's cost,  
83.7 actuarial soundness, and adherence to sound pension policy, ~~and reporting its findings to~~  
83.8 ~~the legislature;~~

83.9 (e) creating and maintaining a library for reference concerning pension and retirement  
83.10 matters, including information about laws and systems in other states; and

83.11 (f) studying, analyzing, and preparing reports in regard to subjects certified to the  
83.12 commission for study.

83.13 Sec. 2. Minnesota Statutes 2024, section 3.85, subdivision 3, is amended to read:

83.14 Subd. 3. **Membership.** The commission consists of seven members of the senate  
83.15 appointed by the Subcommittee on Committees of the Committee on Rules and  
83.16 Administration and seven members of the house of representatives appointed by the speaker.  
83.17 No more than five members from each chamber may be from the majority caucus in that  
83.18 chamber. Members shall be appointed at the commencement of each regular session of the  
83.19 legislature for a two-year term beginning January 16 of the first year of the regular session.  
83.20 ~~Members continue~~ A member continues to serve until ~~their successors are appointed the~~  
83.21 earlier of the appointment of the member's successor or the end of the member's legislative  
83.22 term of office. Vacancies that occur while the legislature is in session shall be filled like  
83.23 regular appointments. If the legislature is not in session, senate vacancies shall be filled by  
83.24 the last Subcommittee on Committees of the senate Committee on Rules and Administration  
83.25 or other appointing authority designated by the senate rules, and house of representatives  
83.26 vacancies shall be filled by the last speaker of the house, or if the speaker is not available,  
83.27 by the last chair of the house of representatives Rules Committee.

83.28 Sec. 3. Minnesota Statutes 2024, section 3.85, subdivision 10, is amended to read:

83.29 Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall  
83.30 adopt standards prescribing ~~specific detailed~~ methods to calculate, evaluate, and display  
83.31 current and ~~proposed law~~ projected liabilities, costs, and actuarial equivalents of ~~all~~ covered  
83.32 public employee pension plans in Minnesota under section 356.20, subdivision 2, that are

defined benefit plans. These standards ~~shall~~ must be consistent with chapter 356 and be updated ~~annually~~ periodically. At a minimum, the standards ~~shall~~ must contain requirements that comply with ~~generally accepted accounting principles~~ actuarial standards of practice applicable to government pension plans. ~~The standards may include additional financial, funding, or valuation requirements that are not required under generally accepted accounting principles applicable to government pension plans.~~

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective the day following final enactment.

**ARTICLE 13**

**STATEWIDE VOLUNTEER FIREFIGHTER PLAN**

Section 1. Minnesota Statutes 2024, section 353G.08, subdivision 1a, is amended to read:

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

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

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

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

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

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

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

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

85.6 (c) The required contributions of the entity or entities associated with the fire department  
85.7 whose active firefighters are covered by the monthly division are the annual financial  
85.8 requirements of the ~~monthly benefit~~ fire department account of the plan under paragraph  
85.9 (b) reduced by the amount of any fire state aid payable under chapter 477B, or any police  
85.10 and firefighter retirement supplemental state aid payable under section 423A.022, that is  
85.11 reasonably anticipated to be received by the plan attributable to the entity or entities during  
85.12 the following calendar year. The required contribution must be allocated between the entities  
85.13 if more than one entity is involved. A reasonable amount of anticipated fire state aid is an  
85.14 amount that does not exceed the fire state aid actually received in the prior year multiplied  
85.15 by the factor 1.035.

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

85.22 Sec. 2. Minnesota Statutes 2024, section 353G.11, is amended by adding a subdivision to  
85.23 read:

85.24 Subd. 1b. **Applicable benefit level.** (a) In determining a member's retirement benefit  
85.25 under section 353G.09, subdivision 1a, the benefit level applicable to the member is the  
85.26 benefit level in effect as of the date the member terminated firefighting services for the fire  
85.27 department of a participating employer.

85.28 (b) Except as provided under section 353G.09, subdivision 4:

85.29 (1) the benefit level for a member of the lump-sum division is the benefit level selected  
85.30 under section 353G.05, subdivision 1d, by the member's relief association or, if applicable,  
85.31 the municipality or firefighting corporation that employs the member or the benefit level  
85.32 as modified under subdivision 2, whichever is in effect as of the date the member terminated  
85.33 firefighting services; or

86.1 (2) the benefit level for a member of the monthly division is the benefit level under the  
86.2 retirement benefit plan document applicable to the member's former relief association or  
86.3 the benefit level under the retirement benefit plan document as modified under subdivision  
86.4 2a, whichever is in effect as of the date the member terminated firefighting services.

86.5 Sec. 3. Minnesota Statutes 2024, section 353G.11, subdivision 2, is amended to read:

86.6 Subd. 2. **Benefit level changes in the lump-sum division of defined benefit plan.** (a)  
86.7 A fire department's fire chief or the governing body operating a fire department may request  
86.8 an increase in the benefit level as provided in this subdivision.

86.9 (b) The fire chief or governing body must request a cost estimate from the executive  
86.10 director of an increase in the ~~service pension~~ benefit level applicable to the active firefighters  
86.11 of the fire department.

86.12 (c) The executive director must prepare the cost estimate using a procedure certified as  
86.13 accurate by the approved actuary retained by the association.

86.14 (d) Within 120 days after receiving the cost estimate from the executive director, the  
86.15 governing body may approve the benefit level change, effective for January 1 of the following  
86.16 calendar year unless the governing body specifies in the approval document an effective  
86.17 date that is January 1 of the second year following the approval date. If the approval occurs  
86.18 after April 30, the required municipal contribution for the following calendar year must be  
86.19 recalculated and the results reported to the governing body. If not approved within 120 days  
86.20 of the receipt of the cost estimate, the benefit level change is considered to have been  
86.21 disapproved.

86.22 Sec. 4. Minnesota Statutes 2024, section 353G.11, subdivision 2a, is amended to read:

86.23 Subd. 2a. ~~Procedure for changing~~ **Benefit level changes in the monthly division.** (a)  
86.24 ~~The~~ A fire department's fire chief of a fire department or the governing body operating a  
86.25 fire department that has an active membership that is covered by the monthly benefit  
86.26 retirement division of the plan may initiate the process of modifying request an increase in  
86.27 the benefit level provided in the retirement benefit plan document under this section  
86.28 subdivision.

86.29 (b) The modification procedure is initiated when the ~~applicable~~ fire chief or governing  
86.30 body files with the executive director of the ~~association~~ a written summary of the desired  
86.31 ~~benefit plan document~~ modification, the proposed ~~benefit plan document~~ modification  
86.32 language, a written request for the preparation of an actuarial cost estimate for the proposed

87.1 ~~benefit plan document~~ modification, and payment of the estimated cost of the actuarial cost  
87.2 estimate.

87.3 (c) Upon receipt of the modification request and related documents, the executive director  
87.4 ~~shall~~ must review the language of the proposed ~~benefit plan document~~ modification and, if  
87.5 a clarification is needed in the submitted language, ~~shall~~ inform the fire chief or governing  
87.6 body of the necessary clarification. ~~Once~~ After the ~~proposed benefit plan document~~  
87.7 ~~modification language~~ fire chief or governing body has ~~been clarified by the fire chief and~~  
87.8 ~~resubmitted~~ submitted the clarified language to the executive director, the executive director  
87.9 ~~shall arrange for the approved actuary retained by the association to prepare a benefit plan~~  
87.10 ~~document modification cost estimate under the applicable provisions of section 356.215~~  
87.11 ~~and of the standards for actuarial work adopted by the Legislative Commission on Pensions~~  
87.12 ~~and Retirement~~ must prepare the cost estimate using a procedure certified as accurate by  
87.13 the approved actuary retained by the association. Upon completion of the ~~benefit plan~~  
87.14 ~~document modification~~ cost estimate, the executive director ~~shall~~ must forward the estimate  
87.15 to the fire chief ~~who requested it~~ and to the chief financial officer of the municipality or  
87.16 entity with which the fire department is primarily associated.

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

87.24 (e) If the governing body of the municipality or entity approves the modification language,  
87.25 the chief administrative officer of the municipality or entity ~~shall~~ must notify the executive  
87.26 director ~~of the association~~ of that approval. The ~~benefit plan document~~ modification is  
87.27 effective on ~~the~~ January 1 following the date of filing the approval with the association.

87.28 Sec. 5. Minnesota Statutes 2024, section 353G.17, subdivision 4, is amended to read:

87.29 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under  
87.30 subdivisions 1 to 3, the plan shall transfer to the relief association as of the effective date  
87.31 identified in the notice under subdivision 1, the records, assets, and liabilities related to the  
87.32 former and current firefighters with benefits under the plan, along with any assets in excess  
87.33 of liabilities ~~credited to the lump-sum account or the monthly benefit retirement account~~  
87.34 ~~attributable to the firefighters and the municipality.~~

88.1 (b) The executive director:

88.2 (1) ~~shall~~ must transfer the assets in cash;

88.3 (2) ~~shall~~ must transfer any accounts receivable associated with the lump-sum account  
88.4 ~~or monthly benefit retirement account;~~

88.5 (3) ~~shall~~ must settle any accounts payable from the account before the transfer; and

88.6 (4) may deduct from the assets to be transferred reasonable costs incurred by the plan  
88.7 to conduct the voting process and complete the transfer.

88.8 Sec. 6. Minnesota Statutes 2024, section 353G.17, subdivision 5, is amended to read:

88.9 Subd. 5. **Relief association obligations and rights upon transfer from the plan.** (a)

88.10 Upon transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~ fire  
88.11 department account, the pension liabilities attributable to the benefits for the former and  
88.12 current firefighters ~~shall~~ become the obligation of the special fund of the relief association.

88.13 (b) Upon the transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~  
88.14 fire department account, the board of trustees of the relief association has legal title to and  
88.15 management responsibility for the transferred assets as trustees for persons having a beneficial  
88.16 interest in those assets arising out of the benefit coverage provided by the account.

88.17 (c) The relief association is the successor in interest with respect to all claims against  
88.18 the plan relating to the transferred ~~lump-sum account or monthly benefit retirement~~ fire  
88.19 department account, except for claims alleging any act or acts by the plan or its fiduciaries  
88.20 that were not done in good faith or that constituted a breach of fiduciary responsibility under  
88.21 chapter 356A.

88.22 (d) The value of each volunteer firefighter's benefit in the plan on the day before the  
88.23 asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day  
88.24 after the asset transfer. The relief association shall give credit, with respect to each firefighter  
88.25 whose benefit is being transferred, for all past service, including service credit with the plan  
88.26 and with any predecessor relief association, to the extent credit is given for such service in  
88.27 the records of the plan for that firefighter.

88.28 (e) Upon completion of the transfer of records, assets, and liabilities, the executive  
88.29 director shall provide written notice to the state auditor, the commissioner of revenue, and  
88.30 the secretary of state that the transfer is complete.



89.1 Sec. 7. Minnesota Statutes 2024, section 353G.19, subdivision 1, is amended to read:

89.2 Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated  
89.3 with a fire department covered by the defined benefit plan, including an entity previously  
89.4 affiliated with a defined benefit relief association when the entity made a request for coverage  
89.5 by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may  
89.6 convert to coverage by the defined contribution plan in accordance with this section.

89.7 (b) Conversion from coverage by the defined benefit plan to coverage by the defined  
89.8 contribution plan consists of:

89.9 (1) a resolution by the governing body of the participating employer;

89.10 (2) notice to all former and active volunteer firefighters of the fire department;

89.11 (3) full vesting on the conversion effective date of all active and former volunteer  
89.12 firefighters with an accrued benefit in the defined benefit plan attributable to service with  
89.13 the fire department, to the extent funded as of the conversion effective date; and

89.14 (4) allocation of surplus over full funding, if any, to individual accounts in the fire  
89.15 department's new account in the defined contribution plan.

89.16 (c) For an entity previously affiliated with a defined benefit relief association when the  
89.17 entity made a request for coverage by the defined contribution plan under section 353G.05,  
89.18 subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately  
89.19 after coverage by the retirement plan of the entity's fire department and the entity's volunteer  
89.20 firefighters takes effect.

89.21 Sec. 8. Minnesota Statutes 2024, section 353G.19, subdivision 2, is amended to read:

89.22 Subd. 2. **Resolutions by the governing body.** To initiate a conversion, the governing  
89.23 body of the participating employer must file with the executive director at least 30 days  
89.24 before the end of a calendar year:

89.25 (1) a resolution that states that the fire department elects to participate in the defined  
89.26 contribution plan effective on the conversion effective date, which is the first day of the  
89.27 next calendar year; and

89.28 (2) if, as of the valuation immediately preceding the conversion effective date, the fire  
89.29 department account had a deficit from full funding as defined under section 353G.08,  
89.30 subdivision 1, paragraph (c), or the special fund of the defined benefit relief association had  
89.31 a deficit from full funding as defined in section 424A.092, subdivision 3, paragraph (b), a  
89.32 resolution approving a contribution to the retirement plan in the amount necessary to

90.1 eliminate the deficit, which is to be paid within 30 days of the filing of the resolution or in  
90.2 installments over three years, with the first payment to be made within 30 days of the filing  
90.3 of the resolution.

90.4 Sec. 9. Minnesota Statutes 2024, section 353G.19, subdivision 3, is amended to read:

90.5 Subd. 3. **Notice to participants.** The participating employer must provide notice to all  
90.6 active and former volunteer firefighters in the fire department at least 30 days before the  
90.7 conversion effective date. The notice must include:

90.8 (1) an explanation that the plan is converting from a defined benefit plan to a defined  
90.9 contribution plan, including definitions of those terms, on the conversion effective date and  
90.10 that the active and former volunteer firefighters will become ~~fully~~ vested in their accrued  
90.11 benefit to the extent funded as of the conversion effective date;

90.12 (2) a summary of the terms of the defined contribution plan;

90.13 (3) a section tailored to each volunteer firefighter that provides an estimate of the present  
90.14 value of the participant's ~~fully~~ vested accrued benefit and the calculation that resulted in  
90.15 that value;

90.16 (4) an estimate of any anticipated surplus and an explanation of the allocation of the  
90.17 surplus; and

90.18 (5) contact information for the chief administrative officer or chief financial officer of  
90.19 the participating employer and the designated staff member of the retirement plan who will  
90.20 answer questions and directions to a website.

90.21 Sec. 10. Minnesota Statutes 2024, section 353G.19, subdivision 4, is amended to read:

90.22 Subd. 4. **Full vesting and determination of accrued benefit.** (a) On the conversion  
90.23 effective date, each active or former volunteer firefighter with a retirement benefit under  
90.24 the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit,  
90.25 becomes 100 percent vested or, if the defined benefit plan does not have sufficient assets  
90.26 to fund 100 percent vesting, as close to 100 percent vested as the funding permits, as of the  
90.27 conversion effective date in the firefighter's retirement benefit, without regard to the number  
90.28 of years of vesting service credit.

90.29 (b) The executive director must determine the present value of each active or former  
90.30 firefighter's accrued benefit as of the conversion effective date, taking into account the full  
90.31 vesting requirement under paragraph (a).

91.1 Sec. 11. Minnesota Statutes 2024, section 353G.19, subdivision 5, is amended to read:

91.2 Subd. 5. **Surplus over full funding.** If the fire department account has a surplus over  
91.3 full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive  
91.4 director must allocate the surplus over full funding to the individual account of each active  
91.5 ~~and former~~ volunteer firefighter, ~~except any former volunteer firefighter receiving an annuity,~~  
91.6 in the same proportion that the volunteer firefighter's accrued benefit bears to the total  
91.7 accrued benefits of all active ~~and former~~ volunteer firefighters.

91.8 Sec. 12. **EFFECTIVE DATE.**

91.9 Sections 1 to 11 are effective the day following final enactment.

## 91.10 ARTICLE 14

### 91.11 IRAP TO TRA TRANSFERS

91.12 Section 1. Minnesota Statutes 2024, section 354B.215, subdivision 3, is amended to read:

91.13 Subd. 3. **Eligible person.** (a) An eligible person is a person who:

91.14 (1) is employed by Minnesota State;

91.15 (2) has an account in the individual retirement account plan; ~~and~~

91.16 (3) ~~satisfies~~ was previously eligible to elect coverage by the Teachers Retirement  
91.17 Association under one or more sections of chapter 354B or any prior version of chapter  
91.18 354B; and

91.19 (4) is not disqualified because Minnesota State produces one or more of the items listed  
91.20 in paragraph (b).

91.21 (b) A person ~~satisfies this paragraph~~ is not an eligible person if Minnesota State ~~is not~~  
91.22 ~~able to produce~~ produces at least one of the following items by the end of the ~~60-day~~ 75-day  
91.23 period under subdivision 4, paragraph (b):

91.24 (1) a record indicating that the person received notice regarding the person's eligibility  
91.25 to elect ~~prospective~~ coverage by the Teachers Retirement Association ~~within the election~~  
91.26 ~~period under section 354B.211, subdivision 4 or 6, or its predecessor~~ during the person's  
91.27 first year of eligibility to participate in the individual retirement account plan;

91.28 (2) a record indicating that the person received notice regarding the person's eligibility  
91.29 to elect coverage by the Teachers Retirement Association during the person's first year after  
91.30 attaining tenure or comparable permanent status;

92.1 ~~(2)~~ (3) a record that the person elected retirement coverage by the individual retirement  
92.2 account plan; or

92.3 ~~(3)~~ (4) other credible documentation demonstrating that the person was aware of the  
92.4 person's right to elect retirement coverage by the Teachers Retirement Association.

92.5 (c) The record described in paragraph (b), clause (1), is not effective to disqualify a  
92.6 person if the person was eligible to elect coverage by the Teachers Retirement Association  
92.7 during the person's first year after attaining tenure or comparable permanent status.

92.8 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

92.9 Sec. 2. Minnesota Statutes 2024, section 354B.215, subdivision 4, is amended to read:

92.10 Subd. 4. **Eligible person application; information required from Minnesota State.** (a)  
92.11 To elect coverage by the Teachers Retirement Association, an eligible person must submit  
92.12 a written application to the chancellor on a form provided by Minnesota State. The application  
92.13 must include:

92.14 (1) an attestation that the person was not informed of the right to elect a transfer from  
92.15 the individual retirement account plan to the Teachers Retirement Association and the person  
92.16 was unaware of the right to elect such a transfer;

92.17 (2) the date on which the person first became a participant in the individual retirement  
92.18 account plan;

92.19 (3) a signed release authorizing Minnesota State to provide employment and other  
92.20 personnel information to the Teachers Retirement Association; and

92.21 (4) any other information that Minnesota State may require.

92.22 (b) No later than ~~60~~ 75 days after receipt of the application under paragraph (a), Minnesota  
92.23 State must verify the information provided by the person in the application, determine  
92.24 whether the person is an eligible person under subdivision 3, and provide a written response  
92.25 to the person regarding the determination of eligibility. If Minnesota State determines that  
92.26 the person is not an eligible person, Minnesota State must specify the reason or reasons for  
92.27 its determination and, if applicable, include a copy of any documentation identified in  
92.28 subdivision 3, paragraph (b), in its written response to the person.

92.29 (c) If Minnesota State determines that the person is an eligible person under subdivision  
92.30 3, Minnesota State must forward to the executive director:

92.31 (1) the application;

93.1 (2) confirmation or modification of the information provided by the eligible person in  
93.2 the application;

93.3 (3) salary history for the eligible person;

93.4 (4) an estimate of the amount available for transfer from the eligible person's account  
93.5 in the individual retirement account plan to the Teachers Retirement Association; and

93.6 (5) any other relevant information.

93.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

93.8 **ARTICLE 15**

93.9 **FIRE AND POLICE STATE AID**

93.10 Section 1. Minnesota Statutes 2024, section 423A.022, subdivision 2, is amended to read:

93.11 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

93.12 (1) 58.064 percent must be paid to the executive director of the Public Employees  
93.13 Retirement Association for deposit in the public employees police and fire retirement fund  
93.14 established by section 353.65, subdivision 1;

93.15 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
93.16 employing firefighters with retirement coverage provided by ~~the public employees police~~  
93.17 ~~and fire retirement plan which~~ one or more pension plans established under chapter 353, if  
93.18 the municipality qualified to receive fire state aid in that calendar year, allocated in the same  
93.19 proportion to that the most recent amount of fire state aid paid under section 477B.04, for  
93.20 the municipality bears to the most recent total fire state aid paid under section 477B.04 for  
93.21 all municipalities other than the municipalities solely employing firefighters with retirement  
93.22 coverage provided by ~~the Public Employees police and fire Retirement plan paid under~~  
93.23 ~~section 477B.04, with the allocated amount for fire departments participating in the statewide~~  
93.24 ~~lump-sum volunteer firefighter plan paid to the executive director of the Public Employees~~  
93.25 ~~Retirement Association for deposit in the fund established by section 353G.02, subdivision~~  
93.26 ~~3, and credited to the respective account and with the balance paid to the treasurer of each~~  
93.27 ~~municipality for transmittal within 30 days of receipt to the treasurer of the applicable~~  
93.28 ~~firefighters relief association for deposit in its special fund~~ one or more pension plans  
93.29 established under chapter 353; and

93.30 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement  
93.31 System for deposit in the state patrol retirement fund.

94.1 (b) The allocated amount under paragraph (a), clause (2), must be paid: (i) to the executive  
94.2 director of the Public Employees Retirement Association for each fire department  
94.3 participating in the statewide volunteer firefighter plan for deposit in the fund established  
94.4 by section 352G.02, subdivision 3, and credited to the fire department's account; and (ii)  
94.5 with the balance to the treasurer of each municipality for transmittal within 30 days of  
94.6 receipt to the treasurer of the applicable firefighters relief association for deposit in its  
94.7 special fund.

94.8 ~~(b)~~ (c) For purposes of this section, the term "municipalities" includes independent  
94.9 nonprofit firefighting corporations that participate in the statewide ~~lump-sum~~ volunteer  
94.10 firefighter plan under chapter 353G or with subsidiary ~~volunteer~~ firefighter relief associations  
94.11 operating under chapter 424A.

94.12 Sec. 2. Minnesota Statutes 2024, section 423A.022, subdivision 3, is amended to read:

94.13 Subd. 3. **Reporting.** On or before September 1, annually, the executive director of the  
94.14 Public Employees Retirement Association shall report to the commissioner of revenue the  
94.15 following:

94.16 (1) the municipalities ~~which~~ that employ firefighters with retirement coverage by the  
94.17 public employees police and fire retirement plan;

94.18 (2) the municipalities that employ firefighters with retirement coverage by the general  
94.19 employees retirement plan;

94.20 ~~(2)~~ (3) the fire departments covered by the statewide ~~lump-sum~~ volunteer firefighter  
94.21 plan; and

94.22 ~~(3)~~ (4) any other information requested by the commissioner to administer the police  
94.23 and firefighter retirement supplemental state aid program.

94.24 Sec. 3. Minnesota Statutes 2024, section 424A.014, subdivision 5, is amended to read:

94.25 Subd. 5. **Report by certain municipalities; exceptions.** (a) The chief administrative  
94.26 officer of each municipality that has a fire department but does not have a relief association  
94.27 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section  
94.28 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed  
94.29 financial report of the receipts and disbursements by the municipality for fire protection  
94.30 service during the preceding calendar year on a form prescribed by the state auditor. The  
94.31 financial report must contain any information that the state auditor deems necessary to  
94.32 disclose the sources of receipts and the purpose of disbursements for fire protection service.

The financial report must be signed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 if the financial reporting requirement or the applicable requirements of any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has a fire department and provides retirement coverage to its firefighters through the statewide volunteer firefighter plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1, paragraph (e), and certifies compliance by the applicable fire chief with the requirements of section 353G.07.

(c) Each municipality qualifies to receive fire state aid under chapter 477B without filing a financial report under paragraph (a) if the municipality:

(1) has a fire department;

(2) does not have a firefighters relief association directly associated with its fire department;

(3) does not participate in the statewide volunteer firefighter retirement plan under chapter 353G;

(4) provides retirement coverage to its firefighters through the general employees retirement plan under chapter 353 or the public employees police and fire retirement plan under sections 353.63 to 353.68; and

(5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.27, subdivisions 3 and 3a, or 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Sec. 4. Minnesota Statutes 2024, section 424A.08, is amended to read:

**424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED DISBURSEMENTS.**

(a) ~~Any A~~ municipality ~~which that~~ is entitled to receive fire state aid ~~but which has no~~ must deposit the fire state aid in a special account established for that purpose in the

96.1 municipal treasury and disburse the fire state aid in accordance with paragraph (b) or (c),  
96.2 as applicable, if the municipality's fire department is not directly associated with a firefighters  
96.3 relief association directly associated with its fire department and which is not a participating  
96.4 employer in the statewide volunteer firefighter plan under chapter 353G.

96.5 (b) If the municipality has no full-time firefighters with retirement coverage by the public  
96.6 employees police and fire retirement plan shall deposit the fire state aid in a special account  
96.7 established for that purpose in the municipal treasury. Disbursement and no part-time  
96.8 firefighters with retirement coverage by the general employees retirement plan under chapter  
96.9 353, the municipality must not disburse fire state aid from the special account may not be  
96.10 made for any purpose except:

96.11 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department  
96.12 Association and to the state Volunteer Firefighters Benefit Association in order to entitle  
96.13 its firefighters to membership in and the benefits of these state associations;

96.14 (2) payment of the cost of purchasing and maintaining needed equipment for the fire  
96.15 department; and

96.16 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings  
96.17 or other premises to house the equipment of the fire department.

96.18 ~~(b) A~~ (c) If the municipality which is entitled to receive fire state aid, which has no  
96.19 firefighters relief association directly associated with its fire department, which does not  
96.20 participate in the statewide volunteer firefighter plan under chapter 353G, and which has  
96.21 full-time firefighters with retirement coverage by the public employees police and fire  
96.22 retirement plan or part-time firefighters with retirement coverage by the general employees  
96.23 retirement plan or both full-time and part-time firefighters with the applicable retirement  
96.24 coverage, the municipality may disburse the fire state aid as:

96.25 (1) as provided in paragraph (a); (b);

96.26 (2) for the payment of the employer contribution requirement with respect to contributions  
96.27 under section 353.65, subdivision 3, for any firefighters covered by the public employees  
96.28 police and fire retirement plan under section 353.65, subdivision 3;

96.29 (3) for the payment of employer contributions for any firefighters covered by the general  
96.30 employees retirement plan under section 353.27, subdivisions 3 and 3a; or

96.31 (4) for a combination of the two types of disbursements payments authorized under  
96.32 clauses (1) to (3).



97.1 ~~(e)~~ (d) A municipality that has no firefighters relief association directly associated with  
97.2 it and that participates in the statewide volunteer firefighter plan under chapter 353G shall  
97.3 transmit any fire state aid that it receives to the statewide volunteer firefighter fund.

97.4 Sec. 5. Minnesota Statutes 2024, section 477B.02, subdivision 3, is amended to read:

97.5 Subd. 3. **Benefits requirements.** (a) The fire department must:

97.6 (1) be associated with a firefighters relief association that provides retirement benefits;

97.7 (2) participate in and have firefighters receiving credit for service toward a retirement  
97.8 benefit under the statewide volunteer firefighter plan;

97.9 (3) have retirement coverage under the public employees police and fire retirement plan  
97.10 or the Public Employees Retirement Association general employees retirement plan for the  
97.11 fire department's full-time firefighters, as defined in section 299N.03, subdivision 5, or the  
97.12 fire department's part-time firefighters, or the fire department's both full-time firefighters  
97.13 and part-time firefighters; or

97.14 (4) satisfy either clauses (1) and (3) or clauses (2) and (3).

97.15 (b) For purposes of retirement benefits, a fire department may be associated with only  
97.16 one firefighters relief association or one account in the statewide firefighters retirement plan  
97.17 at one time.

97.18 (c) Notwithstanding paragraph (a), a municipality without a relief association as described  
97.19 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other  
97.20 requirements of this section are met.

97.21 Sec. 6. Minnesota Statutes 2024, section 477B.02, subdivision 8, is amended to read:

97.22 Subd. 8. **PERA certification to commissioner.** (a) On or before February 1 each year,  
97.23 the executive director of the Public Employees Retirement Association must certify to the  
97.24 commissioner the fire departments that transferred retirement coverage to, or terminated  
97.25 participation in, the ~~voluntary~~ statewide volunteer firefighter retirement plan since the  
97.26 previous certification under this paragraph. This certification must include the number of  
97.27 active ~~volunteer~~ firefighters under section 477B.03, subdivision 5, paragraph (e).

97.28 (b) On or before February 1 each year, the executive director of the Public Employees  
97.29 Retirement Association must certify to the commissioner:

98.1 (1) the fire departments that participate in the statewide volunteer firefighter plan and  
98.2 have no firefighters receiving credit for service toward a retirement benefit under the  
98.3 statewide volunteer firefighter plan; and

98.4 (2) the fire departments that employ part-time firefighters who are covered by the general  
98.5 employees retirement plan.

98.6 Sec. 7. Minnesota Statutes 2024, section 477B.03, subdivision 5, is amended to read:

98.7 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
98.8 allocation amount is the amount derived from any additional funding amount to support a  
98.9 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
98.10 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
98.11 corporations with ~~volunteer~~ firefighters' relief associations or covered by the statewide  
98.12 volunteer firefighter plan. The amount is based on the number of active ~~volunteer~~ firefighters  
98.13 who are (1) members of the relief association as reported to the Office of the State Auditor  
98.14 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)  
98.15 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

98.16 (b) For relief associations established in calendar year 1993 or a prior year, the number  
98.17 of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who were  
98.18 members of the relief association as reported in the annual financial reporting for calendar  
98.19 year 1993, but not to exceed 30 active ~~volunteer~~ firefighters.

98.20 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
98.21 the number of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters  
98.22 who were members of the relief association as reported in the annual financial reporting for  
98.23 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active ~~volunteer~~  
98.24 firefighters.

98.25 (d) For relief associations established after calendar year 1999, the number of active  
98.26 ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who are members  
98.27 of the relief association as reported in the first annual financial reporting submitted to the  
98.28 Office of the State Auditor, but not to exceed 20 active ~~volunteer~~ firefighters.

98.29 (e) For a municipality or independent nonprofit firefighting corporation that is providing  
98.30 retirement coverage for ~~volunteer~~ firefighters by the statewide volunteer firefighter plan  
98.31 under chapter 353G, the number of active ~~volunteer~~ firefighters equals the number of active  
98.32 ~~volunteer~~ firefighters of the municipality or independent nonprofit firefighting corporation  
98.33 covered by the statewide plan as certified by the executive director of the Public Employees

99.1 Retirement Association to the commissioner and the state auditor within 30 days of the date  
99.2 the municipality or independent nonprofit firefighting corporation begins coverage in the  
99.3 plan, but not to exceed 30 active firefighters.

99.4 Sec. 8. Minnesota Statutes 2024, section 477B.03, subdivision 7, is amended to read:

99.5 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
99.6 ~~fire~~ firefighter relief association, or the statewide volunteer firefighter plan may object to  
99.7 the amount of fire state aid apportioned to it by filing a written request with the commissioner  
99.8 to review and adjust the apportionment of funds within the state. The objection of a  
99.9 municipality, an independent nonprofit firefighting corporation, a ~~fire~~ firefighter relief  
99.10 association, or the ~~voluntary~~ statewide volunteer firefighter retirement plan must be filed  
99.11 with the commissioner within 60 days of the date the amount of apportioned fire state aid  
99.12 is paid. The decision of the commissioner is subject to appeal, review, and adjustment by  
99.13 the district court in the county in which the applicable municipality or independent nonprofit  
99.14 firefighting corporation is located or by the Ramsey County District Court with respect to  
99.15 the statewide volunteer firefighter plan.

99.16 Sec. 9. Minnesota Statutes 2024, section 477B.04, subdivision 3, is amended to read:

99.17 Subd. 3. **Deposit of state aid.** (a) This paragraph applies if the municipality or the  
99.18 independent nonprofit firefighting corporation is has firefighters covered by the statewide  
99.19 volunteer firefighter plan. If this paragraph applies and the executive director of the Public  
99.20 Employees Retirement Association has not approved an aid allocation plan under section  
99.21 477B.041, the executive director must credit the fire state aid against future municipal  
99.22 contribution requirements under section 353G.08 and must notify the municipality or the  
99.23 independent nonprofit firefighting corporation of the fire state aid so credited at least  
99.24 annually. If this paragraph applies and the executive director has approved an aid allocation  
99.25 plan under section 477B.041, the executive director must allocate fire state aid in the manner  
99.26 described under section 477B.041.

99.27 (b) If (1) the municipality or the independent nonprofit firefighting corporation ~~is~~ does  
99.28 not have firefighters covered by the statewide volunteer firefighter plan and is affiliated  
99.29 with a duly incorporated firefighters relief association, (2) the relief association has filed a  
99.30 financial report with the municipality pursuant to section 424A.014, subdivision 1 or 2,  
99.31 whichever applies, and (3) there is not an aid allocation agreement under section 477B.042  
99.32 in effect, then the treasurer of the municipality must, within 30 days after receipt, transmit  
99.33 the fire state aid to the treasurer of the relief association. If clauses (1) and (2) are satisfied

100.1 and there is an aid allocation agreement under section 477B.042 in effect, then fire state aid  
100.2 must be transmitted as described in that section. If the relief association has not filed a  
100.3 financial report with the municipality, then, regardless of whether an aid allocation agreement  
100.4 is in effect, the treasurer of the municipality must delay transmission of the fire state aid to  
100.5 the relief association until the complete financial report is filed.

100.6 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal  
100.7 treasury if (1) the municipality or independent nonprofit firefighting corporation ~~is~~ does not  
100.8 have firefighters covered by the statewide volunteer firefighter plan, (2) there is no relief  
100.9 association organized, (3) the association has dissolved, or (4) the association has been  
100.10 removed as trustees of state aid. The money may be disbursed from the municipal treasury  
100.11 only for the purposes and in the manner set forth in section 424A.08 or for the payment of  
100.12 the employer contribution requirement with respect to firefighters covered by the public  
100.13 employees police and fire retirement plan under section 353.65, subdivision 3.

100.14 Sec. 10. Minnesota Statutes 2024, section 477B.04, subdivision 4, is amended to read:

100.15 Subd. 4. **Aid amount corrections.** (a) ~~An~~ The commissioner must make any adjustment  
100.16 needed to correct a fire state aid overpayment or underpayment due to a clerical error ~~must~~  
100.17 ~~be made~~ to subsequent fire state aid payments as provided in paragraphs (b) and (c). The  
100.18 commissioner's authority to correct an aid payment under this subdivision is limited to three  
100.19 years after the payment was issued.

100.20 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
100.21 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
100.22 corporation is to receive by the amount overpaid over a period of no more than three years.  
100.23 If an overpayment equals or is less than ten percent of the most recently paid aid amount,  
100.24 the commissioner must reduce the next aid payment occurring in 30 days or more by the  
100.25 amount overpaid.

100.26 (c) In the event of an underpayment, the commissioner must distribute the amount of  
100.27 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
100.28 a period of no more than three years. An additional distribution to a municipality or  
100.29 independent nonprofit firefighting corporation must be paid from the general fund and must  
100.30 not diminish the payments made to other municipalities or independent nonprofit firefighting  
100.31 corporations under this chapter.

100.32 Sec. 11. **EFFECTIVE DATE.**

100.33 Sections 1 to 10 are effective beginning with aids payable in 2026.

101.1 **ARTICLE 16**

101.2 **STATE BOARD OF INVESTMENT**

101.3 Section 1. Minnesota Statutes 2024, section 11A.07, subdivision 4, is amended to read:

101.4 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

101.5 (1) plan, direct, coordinate, and execute administrative and investment functions in  
101.6 conformity with the policies and directives of the state board and the requirements of this  
101.7 chapter and of chapter 356A;

101.8 (2) prepare and submit biennial and annual budgets to the board and with the approval  
101.9 of the board submit the budgets to the Department of Management and Budget;

101.10 (3) employ professional and clerical staff as necessary;

101.11 (4) report to the state board on all operations under the director's control and supervision;

101.12 (5) maintain accurate and complete records of securities transactions and official  
101.13 activities;

101.14 (6) establish a policy, which is subject to state board approval, relating to the purchase  
101.15 and sale of securities on the basis of competitive offerings or bids;

101.16 (7) cause securities acquired to be kept in the custody of the commissioner of management  
101.17 and budget or other depositories consistent with chapter 356A, as the state board deems  
101.18 appropriate;

101.19 (8) prepare and file with the director of the Legislative Reference Library, ~~by December~~  
101.20 ~~31 of each year~~, a report summarizing the activities of the state board, the council, and the  
101.21 director during the preceding fiscal year;

101.22 (9) include on the state board's website its annual report and an executive summary of  
101.23 its quarterly reports;

101.24 (10) require state officials from any department or agency to produce and provide access  
101.25 to any financial documents the state board deems necessary in the conduct of its investment  
101.26 activities;

101.27 (11) receive and expend legislative appropriations; and

101.28 (12) undertake any other activities necessary to implement the duties and powers set  
101.29 forth in this subdivision consistent with chapter 356A.

Sec. 2. Minnesota Statutes 2024, section 11A.07, subdivision 4b, is amended to read:

Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must include an executive summary, must be prepared and filed after the completion of the applicable fiscal year audit but no later than March 31 of each year, and must be prepared so as to provide the legislature and the people of the state with:

(1) a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds with assets invested by the state board; and

(2) the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees.

Sec. 3. **REPEALER.**

Minnesota Statutes 2024, section 11A.27, is repealed.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective the day following final enactment.

## ARTICLE 17

### PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

Section 1. Minnesota Statutes 2024, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

(1) any elected or appointed local government official of a governmental subdivision who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the service rendered to a governmental subdivision, is not a member of the association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent

103.1 nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency  
103.2 management services, and if not affiliated with a fire department or ambulance service and  
103.3 if its members are not eligible for membership in that fire department's or ambulance service's  
103.4 relief association or comparable pension plan;

103.5 (5) members of the municipal rescue squad associated with the city of Eden Valley in  
103.6 Stearns and Meeker Counties who are not eligible for membership in the police and fire  
103.7 retirement plan or a firefighter relief association affiliated with the city and who elect to  
103.8 participate in the plan under section 353D.02, subdivision 4, paragraph (b);

103.9 ~~(5)~~ (6) employees of the Port Authority of the city of St. Paul who elect to participate  
103.10 in the plan under section 353D.02, subdivision 5, and who are not members of the association  
103.11 under section 353.01, subdivision 7;

103.12 ~~(6)~~ (7) city managers who elected to be excluded from the general employees retirement  
103.13 plan of the association under section 353.028 and who elected to participate in the public  
103.14 employees defined contribution plan under section 353.028, subdivision 3, paragraph (b);

103.15 ~~(7)~~ (8) volunteer or emergency on-call firefighters serving in a municipal fire department  
103.16 or an independent nonprofit firefighting corporation who are not covered by the police and  
103.17 fire retirement plan and who are not covered by a firefighters relief association and who  
103.18 elect to participate in the public employees defined contribution plan;

103.19 ~~(8)~~ (9) any elected county sheriff who is a former member of the police and fire plan,  
103.20 is receiving a retirement annuity as provided under section 353.651, ~~who~~ and does not have  
103.21 previous employment with the county for which the sheriff was elected; and

103.22 ~~(9)~~ (10) persons appointed to serve on a board or commission of a governmental  
103.23 subdivision or an instrumentality thereof.

103.24 (b) Individuals otherwise eligible to participate in the plan under this subdivision who  
103.25 are currently covered by a public or private pension plan because of their employment or  
103.26 provision of services are not eligible to participate in the ~~public employees defined~~  
103.27 ~~contribution~~ plan.

103.28 (c) A former participant is a person who has terminated eligible employment or service  
103.29 and has not withdrawn the value of the person's individual account.

103.30 Sec. 2. Minnesota Statutes 2024, section 353D.02, subdivision 4, is amended to read:

103.31 Subd. 4. **Eligible rescue squad personnel members.** (a) The municipality or county,  
103.32 as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph

104.1 (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable,  
104.2 elects to participate, the eligible personnel may elect to participate or decline to participate.  
104.3 An eligible individual's election must be made within 30 days of the service's election to  
104.4 participate or within 30 days of the date on which the individual first began employment  
104.5 with the rescue squad, whichever is later. ~~Elections under this subdivision by a government~~  
104.6 ~~unit or individual are irrevocable.~~ The municipality or county, as applicable, must specify  
104.7 by resolution eligibility requirements for rescue squad personnel which must be satisfied if  
104.8 the individual is to be authorized to make the election under this subdivision.

104.9 (b) An eligible member under section 353D.01, subdivision 2, paragraph (a), clause (5),  
104.10 may elect to participate or decline to participate in the plan within 30 days of the date on  
104.11 which the member first begins service with the rescue squad.

104.12 (c) Elections under this subdivision by a government unit or individual are irrevocable.

104.13 Sec. 3. **EFFECTIVE DATE.**

104.14 Sections 1 and 2 are effective the day following final enactment.

## 104.15 **ARTICLE 18**

### 104.16 **MISCELLANEOUS TECHNICAL CORRECTIONS**

104.17 Section 1. Minnesota Statutes 2024, section 124E.12, subdivision 4, is amended to read:

104.18 Subd. 4. **Teacher and other employee retirement.** (a) Teachers in a charter school  
104.19 must be public school teachers for the purposes of chapters 354 and 354A ~~governing the~~  
104.20 ~~Teacher Retirement Act.~~

104.21 (b) Except for teachers under paragraph (a), employees in a charter school must be public  
104.22 employees for the purposes of chapter 353 ~~governing the Public Employees Retirement~~  
104.23 ~~Act.~~

104.24 Sec. 2. Minnesota Statutes 2024, section 124E.12, subdivision 6, is amended to read:

104.25 Subd. 6. **Leave to teach in a charter school.** If a teacher employed by a district makes  
104.26 a written request for an extended leave of absence to teach at a charter school, the district  
104.27 must grant the leave. The district must grant a leave not to exceed a total of five years. Any  
104.28 request to extend the leave shall be granted only at the discretion of the school board. The  
104.29 district may require a teacher to make the request for a leave or extension of leave before  
104.30 February 1 in the school year preceding the school year in which the teacher intends to  
104.31 leave, or February 1 of the calendar year in which the teacher's leave is scheduled to



105.1 terminate. Except as otherwise provided in this subdivision and section 122A.46, subdivision  
105.2 7, governing employment in another district, the leave is governed by section 122A.46,  
105.3 including, but not limited to, reinstatement, notice of intention to return, seniority, salary,  
105.4 and insurance.

105.5 During a leave, the teacher may continue to ~~aggregate benefits and credits~~ earn service  
105.6 and salary credit toward a pension in the Teachers' Retirement Association account or the  
105.7 St. Paul Teachers Retirement Fund Association under chapters 354 and 354A, respectively,  
105.8 consistent with subdivision 4.

105.9 Sec. 3. Minnesota Statutes 2024, section 181.101, is amended to read:

105.10 **181.101 WAGES; HOW OFTEN PAID.**

105.11 (a) Except as provided in paragraph (b), every employer must pay all wages, including  
105.12 salary, earnings, and gratuities earned by an employee at least once every 31 days and all  
105.13 commissions earned by an employee at least once every three months, on a regular payday  
105.14 designated in advance by the employer regardless of whether the employee requests payment  
105.15 at longer intervals. Unless paid earlier, the wages earned during the first half of the first  
105.16 31-day pay period become due on the first regular payday following the first day of work.  
105.17 If wages or commissions earned are not paid, the commissioner of labor and industry or the  
105.18 commissioner's representative may serve a demand for payment on behalf of an employee.  
105.19 In addition to other remedies under section 177.27, if payment of wages is not made within  
105.20 ten days of service of the demand, the commissioner may charge and collect the wages  
105.21 earned at the employee's rate or rates of pay or at the rate or rates required by law, including  
105.22 any applicable statute, regulation, rule, ordinance, government resolution or policy, contract,  
105.23 or other legal authority, whichever rate of pay is greater, and a penalty in the amount of the  
105.24 employee's average daily earnings at the same rate or rates for each day beyond the ten-day  
105.25 limit following the demand. If payment of commissions is not made within ten days of  
105.26 service of the demand, the commissioner may charge and collect the commissions earned  
105.27 and a penalty equal to 1/15 of the commissions earned but unpaid for each day beyond the  
105.28 ten-day limit. Money collected by the commissioner must be paid to the employee concerned.  
105.29 This section does not prevent an employee from prosecuting a claim for wages. This section  
105.30 does not prevent a school district, other public school entity, or other school, as defined  
105.31 under section 120A.22, from paying any wages earned by its employees during a school  
105.32 year on regular paydays in the manner provided by an applicable contract or collective  
105.33 bargaining agreement, or a personnel policy adopted by the governing board. For purposes  
105.34 of this section, "employee" includes a person who performs agricultural labor as defined in

106.1 section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an  
106.2 employee works. This section provides a substantive right for employees to the payment of  
106.3 wages, including salary, earnings, and gratuities, as well as commissions, in addition to the  
106.4 right to be paid at certain times.

106.5 (b) An employer of a volunteer or paid on-call firefighter, as defined in section 424A.001,  
106.6 subdivision 10, a member of an organized first responder squad that is formally recognized  
106.7 by a political subdivision in the state, or a volunteer ambulance driver or attendant must  
106.8 pay all wages earned by the volunteer firefighter, first responder, or volunteer ambulance  
106.9 driver or attendant at least once every 31 days, unless the employer and the employee  
106.10 mutually agree upon payment at longer intervals.

106.11 Sec. 4. Minnesota Statutes 2024, section 356.633, subdivision 1, is amended to read:

106.12 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
106.13 the meanings given.

106.14 (b) "Covered retirement plan" means a pension or retirement plan listed in section  
106.15 356.611, subdivision 6, and the Minnesota deferred compensation plan established under  
106.16 section 352.965.

106.17 ~~(b)~~ (c) "Distributee" means:

106.18 (1) a member of or participant in a covered retirement plan listed in section 356.611,  
106.19 ~~subdivision 6;~~

106.20 (2) the surviving spouse of a member of or participant in a covered retirement plan;

106.21 (3) the former spouse of ~~the~~ a member of or participant in a covered retirement plan who  
106.22 is the alternate payee under a qualified domestic relations order as defined in section 414(p)  
106.23 of the Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution  
106.24 of marital property, as provided in section 518.58; or

106.25 (4) a nonspousal beneficiary of a member of or participant in a covered retirement plan  
106.26 who qualifies for a distribution under the plan and is a designated beneficiary as defined in  
106.27 section 401(a)(9)(E) of the Internal Revenue Code.

106.28 ~~(c)~~ (d) "Eligible retirement plan" means:

106.29 (1) an individual retirement account under section 408(a) or 408A of the Internal Revenue  
106.30 Code;

106.31 (2) an individual retirement annuity plan under section 408(b) of the Internal Revenue  
106.32 Code;

- 107.1 (3) an annuity plan under section 403(a) of the Internal Revenue Code;
- 107.2 (4) a qualified trust plan under section 401(a) of the Internal Revenue Code that accepts
- 107.3 ~~the distributee's eligible rollover distribution~~ distributions;
- 107.4 (5) an annuity contract under section 403(b) of the Internal Revenue Code;
- 107.5 (6) an eligible deferred compensation plan under section 457(b) of the Internal Revenue
- 107.6 Code, ~~which~~ including the Minnesota deferred compensation plan, that is maintained by a
- 107.7 state or local government, accepts eligible rollover distributions, and ~~which~~ agrees to
- 107.8 separately account for the amounts transferred into the plan;
- 107.9 (7) ~~in the case of an eligible rollover distribution to a~~ if the distributee is a surviving
- 107.10 spouse or nonspousal beneficiary, an individual account or annuity treated as an inherited
- 107.11 individual retirement account under section 402(c)(11) of the Internal Revenue Code; or
- 107.12 (8) a savings incentive match plan for employees of small employers (SIMPLE) individual
- 107.13 retirement account under section 408(p) of the Internal Revenue Code, provided that the
- 107.14 rollover distribution is made after the two-year period beginning on the date the distributee
- 107.15 first participated in any qualified salary reduction arrangement maintained by the distributee's
- 107.16 employer under section 408(p)(2) of the Internal Revenue Code, as described in section
- 107.17 72(t)(6) of the Internal Revenue Code.
- 107.18 ~~(d)~~ (e) "Eligible rollover distribution" means any distribution of all or any portion of the
- 107.19 balance to the credit of the distributee. An eligible rollover distribution does not include:
- 107.20 (1) a distribution that is one of a series of substantially equal periodic payments,
- 107.21 receivable annually or more frequently, that is made for the life or life expectancy of the
- 107.22 distributee, the joint lives or joint life expectancies of the distributee and the distributee's
- 107.23 designated beneficiary, or for a specified period of ten years or more;
- 107.24 (2) a distribution that is required under section 401(a)(9) of the Internal Revenue Code;
- 107.25 ~~or~~
- 107.26 (3) a distribution that is less than \$200; or
- 107.27 ~~(3)~~ (4) any other exception required by law or the Internal Revenue Code.

107.28 Sec. 5. Minnesota Statutes 2024, section 356.633, subdivision 2, is amended to read:

107.29 Subd. 2. **Right to elect direct rollover.** Except as provided in subdivision 3 for after-tax

107.30 contributions, a distributee may elect, at the time and in the manner prescribed by the plan

107.31 administrator, to have all or any portion of an eligible rollover distribution from a covered

107.32 retirement plan paid directly to an eligible retirement plan as specified by the distributee.

108.1 Sec. 6. Minnesota Statutes 2024, section 356.633, is amended by adding a subdivision to  
108.2 read:

108.3 Subd. 4. **Notice.** A covered retirement plan must provide the distributee of an eligible  
108.4 rollover distribution from the covered retirement plan with the notice required by section  
108.5 402(f) of the Internal Revenue Code within the time period prior to making the eligible  
108.6 rollover distribution, as required by regulations issued pursuant to section 402(f) of the  
108.7 Internal Revenue Code.

108.8 Sec. 7. **[356.638] MILITARY SERVICE.**

108.9 A covered retirement plan as defined in section 356.633, subdivision 1, paragraph (b),  
108.10 must require contributions and provide benefits, including death and disability benefits  
108.11 under section 401(a)(37) of the Internal Revenue Code, and service credit with respect to  
108.12 qualified military service according to section 414(u) of the Internal Revenue Code. If a  
108.13 member dies while the member is performing qualified military service as defined in United  
108.14 States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal  
108.15 Revenue Code, survivors of the member are entitled to any additional benefits that the  
108.16 covered retirement plan would have provided if the member had resumed employment and  
108.17 then died, including but not limited to accelerated vesting or survivor benefits that are  
108.18 contingent on the member's death while employed. A deceased member's period of qualified  
108.19 military service must be counted for vesting purposes.

108.20 Sec. 8. Minnesota Statutes 2024, section 424B.22, subdivision 1, is amended to read:

108.21 Subdivision 1. **Application.** (a) Notwithstanding any laws to the contrary, this section  
108.22 applies to:

108.23 (1) the termination of a retirement plan established and administered by a relief  
108.24 association, whether or not the relief association is also dissolved or eliminated; and

108.25 (2) the dissolution of a relief association that is not consolidating with another relief  
108.26 association under sections 424B.01 to 424B.10.

108.27 (b) This section does not apply to the dissolution of a relief association or the termination  
108.28 of a retirement plan that occurs due to the change in retirement coverage from a retirement  
108.29 plan administered by a relief association to the Public Employees Retirement Association  
108.30 statewide volunteer firefighter plan under section 353G.06.

108.31 ~~(b) To terminate a retirement plan, the board of trustees must comply with subdivisions~~  
108.32 ~~3, 5 to 11, and, if desired, subdivision 4.~~

~~(e) To dissolve a relief association, the board of trustees of the relief association must:~~

~~(1) terminate the retirement plan in accordance with paragraph (b);~~

~~(2) determine all legal obligations of the special and general funds of the relief association,  
as required by subdivision 5;~~

~~(3) take the actions required by subdivision 12; and~~

~~(4) comply with the requirements governing dissolution of nonprofit corporations under  
chapter 317A.~~

~~(d) A relief association that terminates its retirement plan must liquidate its special fund  
as provided in subdivision 8, but need not liquidate its general fund if the relief association  
is not being dissolved.~~

Sec. 9. Minnesota Statutes 2024, section 424B.22, is amended by adding a subdivision to  
read:

Subd. 1a. **Voluntary dissolution and termination.** (a) To terminate a retirement plan,  
the board of trustees must comply with subdivisions 3, 5 to 11, and, if desired, 4.

(b) To dissolve a relief association, the board of trustees of the relief association must:

(1) terminate the retirement plan in accordance with paragraph (a);

(2) determine all legal obligations of the special and general funds of the relief association,  
as required by subdivision 5;

(3) take the actions required by subdivision 12; and

(4) comply with the requirements governing dissolution of nonprofit corporations under  
chapter 317A.

(c) A relief association that terminates its retirement plan must liquidate its special fund  
as provided in subdivision 8, but need not liquidate its general fund if the relief association  
is not being dissolved.

Sec. 10. Minnesota Statutes 2024, section 424B.22, subdivision 2, is amended to read:

**Subd. 2. Involuntary dissolution and termination.** (a) A relief association is dissolved  
and the retirement plan administered by the relief association is terminated automatically  
if:

(1) the fire department affiliated with a relief association is dissolved by action of the  
governing body of the municipality in which the fire department is located or by the

110.1 governing body of the independent nonprofit firefighting corporation, whichever applies;  
110.2 ~~or~~

110.3 (2) the fire department affiliated with a relief association has terminated the employment  
110.4 or services of all active members of the relief association-; or

110.5 (3) the governing body with which the fire department is affiliated has resolved to transfer  
110.6 the fire department's active firefighters who are members of the relief association to one or  
110.7 more pension plans established under chapter 353 and has filed the resolution, if applicable,  
110.8 with the Public Employees Retirement Association, and the relief association's retirement  
110.9 plan will have no remaining active firefighters earning service toward a retirement benefit  
110.10 when the transfer is completed.

110.11 (b) An involuntary termination of a relief association under this subdivision is effective  
110.12 on the December 31 that is at least eight months after the date on which the fire department  
110.13 is dissolved or the termination of employment or services of all active members of the relief  
110.14 association occurs.

110.15 (c) The board of trustees must comply with subdivisions 3 and 5 to 12. The board of  
110.16 trustees may comply with subdivision 4. The state auditor has the discretion to waive these  
110.17 requirements if the board of trustees requests a waiver in advance and provides adequate  
110.18 demonstration that meeting these requirements is not practicable.

110.19 ~~(e)~~ (d) The retirement plan administered by a relief association is terminated automatically  
110.20 if the relief association is dissolved, effective on the date of the dissolution of the relief  
110.21 association.

110.22 Sec. 11. Minnesota Statutes 2024, section 424B.22, subdivision 3, is amended to read:

110.23 Subd. 3. **Retirement plan termination date, full vesting, and forfeitures.** (a) Unless  
110.24 subdivision 2 applies, the effective date of the termination of a retirement plan is the date  
110.25 approved by the board of trustees of the relief association. If the board of trustees does not  
110.26 approve a termination date, the effective date of the termination of a retirement plan is the  
110.27 effective date of the dissolution of the relief association or, if the relief association is not  
110.28 being dissolved, the end of the calendar year in which the termination of employment or  
110.29 services of all active members of the relief association occurs.

110.30 (b) ~~As of the earlier of the retirement plan termination date or the date on which the~~  
110.31 ~~termination of employment or services of all active members of the relief association occurs~~  
110.32 required by section 356.001, subdivision 3, each participant becomes fully (100 percent)  
110.33 member must become 100 percent vested in the participant's member's retirement benefit

111.1 ~~under~~ accrued and funded to the earlier of the retirement plan termination date or the date  
111.2 on which the termination of employment or services of all active members of the relief  
111.3 association occurs, notwithstanding any bylaws or laws to the contrary, ~~except for~~. For  
111.4 purposes of this paragraph:

111.5 (1) "member" does not mean any retiree in pay status who is receiving a monthly service  
111.6 pension from a relief association described in section 424A.093; and

111.7 (2) crediting of interest on deferred service pensions under the terms of the bylaws of a  
111.8 defined benefit relief association and section 424A.02, subdivision 7, ends on the retirement  
111.9 plan termination date.

111.10 (c) If the relief association is a defined contribution relief association, the account of  
111.11 each participant who becomes 100 percent vested under paragraph (b) shall include an  
111.12 allocation of any forfeiture that is required, under the bylaws of the relief association, to  
111.13 occur on or as of the end of the calendar year during which the termination of the retirement  
111.14 plan is effective, if the participant is entitled to an allocation of forfeitures under the bylaws.  
111.15 Any account so forfeited shall not be included in the retirement benefits that become 100  
111.16 percent vested under paragraph (b).

111.17 Sec. 12. **REPEALER.**

111.18 Minnesota Statutes 2024, section 356.635, subdivision 9, is repealed.

111.19 Sec. 13. **EFFECTIVE DATE.**

111.20 Sections 1 to 12 are effective the day following final enactment.

APPENDIX  
Article locations for S2884-1

ARTICLE 1 MINNESOTA STATE RETIREMENT SYSTEM..... Page.Ln 2.15

ARTICLE 2 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION..... Page.Ln 5.18

ARTICLE 3 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN..... Page.Ln 16.19

ARTICLE 4 PERA PRIVATIZATION..... Page.Ln 19.12

ARTICLE 5 MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP ..... Page.Ln 29.1

ARTICLE 6 HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN... Page.Ln 44.20

STATE AUDITOR'S FIRE RELIEF ASSOCIATION WORKING

ARTICLE 7 GROUP..... Page.Ln 46.15

ARTICLE 8 FIREFIGHTERS RELIEF ASSOCIATIONS..... Page.Ln 58.4

ARTICLE 9 MINNESOTA SECURE CHOICE RETIREMENT PROGRAM..... Page.Ln 59.11

PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES;

ARTICLE 10 CORRECTION OF ERRORS..... Page.Ln 70.1

WORK GROUP ON PENSION PLANS FOR PROBATION OFFICERS

ARTICLE 11 AND 911 TELECOMMUNICATORS..... Page.Ln 79.14

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

ARTICLE 12 ..... Page.Ln 82.24

ARTICLE 13 STATEWIDE VOLUNTEER FIREFIGHTER PLAN..... Page.Ln 84.9

ARTICLE 14 IRAP TO TRA TRANSFERS..... Page.Ln 91.10

ARTICLE 15 FIRE AND POLICE STATE AID..... Page.Ln 93.8

ARTICLE 16 STATE BOARD OF INVESTMENT..... Page.Ln 101.1

ARTICLE 17 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN..... Page.Ln 102.16

ARTICLE 18 MISCELLANEOUS TECHNICAL CORRECTIONS..... Page.Ln 104.15



**11A.27 REPORT ON INVESTMENT CONSULTANT ACTIVITIES AND DELIVERABLES.**

(a) Annually, on or before November 1, the State Board of Investment shall file a report with the Legislative Reference Library on the activities and work product during that year of any investment consultants retained by the board.

(b) The report must include the following items:

(1) the total contract fee paid to each investment consultant;

(2) a listing of the projects in which the investment consultant was involved; and

(3) examples of the written work product provided by the investment consultant on those projects during the report coverage period.

**352.91 COVERED CORRECTIONAL SERVICE.**

Subdivision 1. **Qualifying jobs.** "Covered correctional service" means service performed by a state employee, as defined in section 352.01, employed at a state correctional facility, the state-operated forensic services program, or the Minnesota Sex Offender Program as:

(1) a corrections officer 1;

(2) a corrections officer 2;

(3) a corrections officer 3;

(4) a corrections officer supervisor;

(5) a corrections lieutenant;

(6) a corrections captain;

(7) a security counselor;

(8) a security counselor lead; or

(9) a corrections canine officer.

Subd. 2. **Maintenance, correctional industry, and trades.** "Covered correctional service" also means service rendered at any time by state employees as maintenance personnel, correctional industry personnel, or members of trades certified by the commissioner of management and budget to the executive director as being engaged for at least 75 percent of the employee's working time in the rehabilitation, treatment, custody, or supervision of inmates at a Minnesota correctional facility, or of patients in the state-operated forensic services program or the Minnesota Sex Offender Program.

Subd. 2a. **Special teachers.** "Covered correctional service" also means service rendered by a state employee as a special teacher employed by the Department of Corrections or by Direct Care and Treatment at a security unit, provided that at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner or executive board, unless the person elects to retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.

Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility, in the state-operated forensic services program, or in the Minnesota Sex Offender Program that are specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner or executive board.

(b) The employment positions are as follows:

(1) registered nurse - senior;

(2) registered nurse;

(3) registered nurse - principal;

(4) licensed practical nurse;

(5) registered nurse advance practice; and

APPENDIX  
Repealed Minnesota Statutes: S2884-1

(6) psychiatric advance practice registered nurse.

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or in the state-operated forensic services program specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner or executive board.

(b) The employment positions are:

- (1) automotive mechanic;
- (2) baker;
- (3) central services administrative specialist, intermediate;
- (4) central services administrative specialist, principal;
- (5) chaplain;
- (6) chief cook;
- (7) clinical program therapist 1;
- (8) clinical program therapist 2;
- (9) clinical program therapist 3;
- (10) clinical program therapist 4;
- (11) cook;
- (12) cook coordinator;
- (13) corrections inmate program coordinator;
- (14) corrections transitions program coordinator;
- (15) corrections security caseworker;
- (16) corrections security caseworker career;
- (17) corrections teaching assistant;
- (18) delivery van driver;
- (19) dentist;
- (20) electrician supervisor;
- (21) general maintenance worker lead;
- (22) general repair worker;
- (23) library/information research services specialist;
- (24) library/information research services specialist senior;
- (25) library technician;
- (26) painter lead;
- (27) plant maintenance engineer lead;
- (28) plumber supervisor;
- (29) psychologist 1;
- (30) psychologist 3;
- (31) recreation therapist;
- (32) recreation therapist coordinator;
- (33) recreation program assistant;
- (34) recreation therapist senior;

APPENDIX  
Repealed Minnesota Statutes: S2884-1

- (35) sports medicine specialist;
- (36) work therapy assistant;
- (37) work therapy program coordinator; and
- (38) work therapy technician.

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

(b) The employment positions are:

- (1) behavior analyst 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;
- (6) human services support specialist;
- (7) residential program lead;
- (8) psychologist 2;
- (9) recreation program assistant;
- (10) recreation therapist senior;
- (11) registered nurse senior;
- (12) skills development specialist;
- (13) social worker senior;
- (14) social worker specialist; and
- (15) speech pathology specialist.

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

Subd. 3f. **Additional Direct Care and Treatment personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) in the state-operated forensic services program or the Minnesota Sex Offender Program if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services or Direct Care and Treatment executive board.

(b) The employment positions are:

- (1) baker;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) certified occupational therapy assistant 1;
- (5) certified occupational therapy assistant 2;
- (6) client advocate;

APPENDIX  
Repealed Minnesota Statutes: S2884-1

- (7) clinical program therapist 2;
- (8) clinical program therapist 3;
- (9) clinical program therapist 4;
- (10) cook;
- (11) culinary supervisor;
- (12) customer services specialist principal;
- (13) dental assistant registered;
- (14) dental hygienist;
- (15) food service worker;
- (16) food services supervisor;
- (17) group supervisor;
- (18) group supervisor assistant;
- (19) human services support specialist;
- (20) licensed alcohol and drug counselor;
- (21) licensed practical nurse;
- (22) management analyst 3;
- (23) music therapist;
- (24) occupational therapist;
- (25) occupational therapist, senior;
- (26) physical therapist;
- (27) psychologist 1;
- (28) psychologist 2;
- (29) psychologist 3;
- (30) recreation program assistant;
- (31) recreation therapist lead;
- (32) recreation therapist senior;
- (33) rehabilitation counselor senior;
- (34) residential program lead;
- (35) security supervisor;
- (36) skills development specialist;
- (37) social worker senior;
- (38) social worker specialist;
- (39) social worker specialist, senior;
- (40) special education program assistant;
- (41) speech pathology clinician;
- (42) substance use disorder counselor senior;
- (43) work therapy assistant; and
- (44) work therapy program coordinator.

Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates and the

determination of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The qualifying employment positions are:

- (1) corrections discipline unit supervisor;
- (2) dental assistant registered;
- (3) dental hygienist;
- (4) food service supervisor;
- (5) medical assistant, certified;
- (6) psychologist 2; and
- (7) sentencing to service crew leader involved with the inmate community work crew program.

**Subd. 3h. Employment occupation name changes.** (a) If the occupational title of a state employee covered by the Minnesota correctional employees retirement plan changes from the applicable title listed in subdivision 1, 2, 2a, 3c, 3d, 3e, 3f, or 3g, qualification for coverage by the correctional state employees retirement plan continues until the July 1 next following the title change if the commissioner of management and budget certifies to the executive director of the Minnesota State Retirement System and to the executive director of the Legislative Commission on Pensions and Retirement that the duties, requirements, and responsibilities of the new occupational title are substantially identical to the duties, requirements, and responsibilities of the prior occupational title.

(b) If the commissioner of management and budget does not certify a new occupational title under paragraph (a), eligibility for future correctional state employees retirement coverage terminates as of the start of the first payroll period next following the effective date of the occupational title change.

(c) For consideration by the Legislative Commission on Pensions and Retirement during the legislative session next following an occupational title change involving a state employee in covered correctional service, the commissioner of management and budget shall submit the applicable draft proposed legislation reflecting the occupational title change covered by this section.

**Subd. 3i. Lateral transfers to new correctional facilities.** If a new correctional facility is established, a state employee rendering covered correctional service immediately before the transfer remains eligible for coverage by the correctional state employees retirement plan for future state employment at the new facility if the person is employed in the same occupational title at the new facility. The eligibility for future coverage continues until the July 1 next following the effective date of the establishment of the new facility.

**Subd. 3j. State-operated forensic services program.** For purposes of this section, "state-operated forensic services program" means the Minnesota Security Hospital, the forensic nursing home, the forensic transition service, and the competency restoration program.

**Subd. 4a. Process for evaluating and recommending potential employment positions for membership inclusion.** (a) The Department of Corrections and Direct Care and Treatment must establish a procedure for evaluating periodic requests by department and agency employees for qualification for recommendation by the commissioner or executive board for inclusion of the employment position in the correctional facility or Direct Care and Treatment facility in the correctional retirement plan and for periodically determining employment positions that no longer qualify for continued correctional retirement plan coverage.

(b) The procedure must provide for an evaluation of the extent of the employee's working time spent in direct contact with patients or inmates, the extent of the physical hazard that the employee is routinely subjected to in the course of employment, and the extent of intervention routinely expected of the employee in the event of a facility incident. The percentage of routine direct contact with inmates or patients may not be less than 75 percent.

(c) The applicable commissioner or executive board shall notify the employee of the determination of the appropriateness of recommending the employment position for inclusion in the correctional retirement plan, if the evaluation procedure results in a finding that the employee:

- (1) routinely spends 75 percent of the employee's time in direct contact with inmates or patients;
- and

APPENDIX  
Repealed Minnesota Statutes: S2884-1

(2) is regularly engaged in the rehabilitation, treatment, custody, or supervision of inmates or patients.

(d) After providing the affected employee an opportunity to dispute or clarify any evaluation determinations, if the commissioner or executive board determines that the employment position is appropriate for inclusion in the correctional retirement plan, the commissioner or executive board shall forward that recommendation and supporting documentation to the chair of the Legislative Commission on Pensions and Retirement, the chair of the State and Local Governmental Operations Committee of the senate, the chair of the Governmental Operations and Veterans Affairs Policy Committee of the house of representatives, and the executive director of the Legislative Commission on Pensions and Retirement in the form of the appropriate proposed legislation. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session.

**Subd. 4b. Department of Corrections; procedure for coverage change considerations.** (a) The commissioner of corrections shall appoint a standing review committee to review and determine positions that should be included in legislative requests for correctional employees retirement plan coverage under subdivision 4a.

(b) Periodically, the Department of Corrections will convene meetings of the review committee. The review committee must review all requests and the supporting documentation for coverage by the correctional employees retirement plan and must determine which classes or positions meet the statutory requirements for coverage. The review committee also must determine if incumbents of and recent retirees from classes or positions determined for inclusion in correctional employees retirement plan coverage have prior Department of Corrections employment which also qualified as correctional service and which should be transferred from the general state employees retirement plan to the plan and the initial date for each potential service credit transfer.

(c) The review committee must evaluate and determine the eligibility date for initial plan participation and all periods of eligibility in the correctional employees retirement plan.

(d) The department must provide a notice of each determination and of the employee's right to appeal from the review committee to each employee who requested inclusion. Appeals must be filed with the agency human resource manager within 30 days of the date of the notice of determination.

(e) The commissioner of corrections shall appoint a standing appeals committee to hear appeals of determinations for coverage. The appeal committee must include relevant department employees and employee representatives. Appeal committee determinations are final.

(f) All positions approved for inclusion must be forwarded to the commissioner of corrections for the preparation of legislation to implement the coverage change and submission. The commissioner will submit a written recommendation documenting classes or positions that should or should not be covered by the correctional employees retirement plan. Documentation of each request and the final determination must be retained in the Department of Corrections' Office of Human Resource Management.

**Subd. 4c. Direct Care and Treatment; procedure for coverage change considerations.** (a) The Direct Care and Treatment executive board shall appoint a standing review committee to review and determine classifications or positions that may be included in legislative requests for correctional state employees retirement plan coverage under subdivision 4a.

(b) The agency's human resources director shall convene a meeting of the review committee only at the request of a labor organization or a member of the agency's management team.

(c) The review committee must review all requests and the supporting documentation for coverage by the correctional state employees retirement plan and must make a recommendation to the executive board regarding which classifications or positions meet the statutory requirements for coverage. The review committee must also make a recommendation to the executive board regarding classifications or positions that no longer meet the statutory requirement for coverage by the correctional state employees retirement plan and removal of the classification or position from the applicable statute.

(d) The agency's human resources director must provide a notice of each determination and of the employee's right to appeal the determination. Appeals must be filed with the agency's human resources director within 30 days of the date of the notice of determination.

(e) The Direct Care and Treatment executive board shall review appeals of determinations for coverage. The executive board's determinations are final.

(f) All classifications or positions recommended by the review committee for inclusion in or exclusion from the correctional state employees retirement plan must be forwarded to the Direct Care and Treatment executive board for the preparation of legislation to implement the coverage change and submission. If the executive board determines that the employment position is appropriate for inclusion in or exclusion from the correctional state employees retirement plan, the executive board shall submit a written recommendation documenting classifications or positions that should or should not be covered by the correctional state employees retirement plan. The agency's human resources director must retain the documentation of each request and the final determination.

Subd. 6. **Correction of plan coverage errors.** If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the correctional state employees retirement plan and any other plan specified in section 356.637, that section applies.

### **353F.02 DEFINITIONS.**

Subd. 4a. **Medical facility.** "Medical facility" means a facility that has the primary purpose of providing medical care and that satisfies the definition of governmental subdivision under section 353.01, subdivision 6.

### **356.635 INTERNAL REVENUE CODE COMPLIANCE.**

Subd. 9. **Military service.** Contributions, benefits, including death and disability benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit with respect to qualified military service must be provided according to section 414(u) of the federal Internal Revenue Code. For deaths occurring on or after January 1, 2007, while a member is performing qualified military service as defined in United States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal Revenue Code, survivors of a member in the system are entitled to any additional benefits that the system would have provided if the member had resumed employment and then died, including but not limited to accelerated vesting or survivor benefits that are contingent on the member's death while employed. In any event, a deceased member's period of qualified military service must be counted for vesting purposes.

### **356A.06 INVESTMENTS; ADDITIONAL DUTIES.**

Subd. 5. **Investment business recipient disclosure.** The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the State Board of Investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the executive director of the Legislative Commission on Pensions and Retirement within 90 days after the close of the fiscal year of the plan. For the State Board of Investment and the St. Paul Teachers Retirement Fund Association, a disclosure document included as part of a regular annual report when filed with the executive director of the Legislative Commission on Pensions and Retirement is considered to have been filed on a timely basis. An officer or member of the board of trustees of a covered pension plan governed by sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association may file the disclosure document with the executive director of the Legislative Commission on Pensions and Retirement by email.

### **424A.015 GENERALLY APPLICABLE FIREFIGHTERS RELIEF ASSOCIATION PENSION PLAN REGULATION.**

Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension amount to the requesting member's account in the Minnesota deferred compensation plan, if:

- (1) the governing articles of incorporation or bylaws so provide;
- (2) the firefighter participates in the Minnesota deferred compensation plan at the time of retirement; and
- (3) the applicable retiring firefighter requests in writing that the relief association do so.