

**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	Senate Concurrent Resolution 4 Suspended adopt previous committee report
05/17/2025	5301a	Comm report: To pass as amended
	5412	Second reading
05/18/2025	5417	Special Order
	5423	Third reading Passed
05/19/2025	5862	Returned from House Presentment date 05/20/25
	6283	Governor's action Approval 05/23/25
	6284	Secretary of State Chapter 37 05/23/25 Effective date various dates

- 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; modifying circumstances for
- 1.22 terminating state and supplemental employer contributions; modifying certain
- 1.23 public safety benefits; providing certain teacher retirement association benefit
- 1.24 increases; modifying duty disability and health insurance continuation for peace
- 1.25 officers and firefighters; making technical changes, clarifications, and corrections
- 1.26 to the statutes governing the Legislative Commission on Pensions and Retirement,
- 1.27 the statewide volunteer firefighter plan, IRAP to TRA transfers, fire state aid and
- 1.28 police and firefighter retirement supplemental state aid, and the public employees
- 1.29 defined contribution plan; modifying practices for reporting and repealing certain
- 1.30 reporting requirements for the State Board of Investment; eliminating obsolete
- 1.31 provisions; appropriating money; amending Minnesota Statutes 2024, sections
- 1.32 3.85, subdivisions 2, 3, 10; 11A.07, subdivisions 4, 4b; 124E.12, subdivisions 4,
- 1.33 6; 126C.10, subdivision 37; 181.101; 187.03, subdivisions 5, 7, 7a, by adding a
- 1.34 subdivision; 187.05, subdivisions 4, 6, by adding a subdivision; 187.07,
- 1.35 subdivisions 1, 2, 3, 6; 187.08, subdivisions 3, 7; 187.11; 268.19, subdivision 1;
- 1.36 299A.465, subdivision 1; 352.01, by adding a subdivision; 352.029, subdivision
- 1.37 3; 352.03, subdivision 5; 352.115, subdivision 3; 352.22, subdivisions 2b, 3;
- 1.38 352.90; 352.92, subdivision 2a; 352.93, subdivision 1; 352.955, subdivision 1;

2.1 352B.02, subdivision 1c; 353.01, subdivisions 2a, 2b, 2d; 353.028, subdivisions  
 2.2 2, 3; 353.032, subdivisions 3, 4, 5, 6, 7, 9, 10; 353.27, subdivision 3a; 353.34,  
 2.3 subdivision 5; 353.65, subdivision 3b; 353D.01, subdivision 2; 353D.02,  
 2.4 subdivisions 1, 2, 3, 4, 5, 6, 7; 353E.06, subdivision 1; 353F.01; 353F.02,  
 2.5 subdivisions 3, 4b, 5a, 6, by adding subdivisions; 353F.025; 353F.03; 353F.04;  
 2.6 353F.05; 353F.051, subdivisions 1, 2; 353F.052; 353F.057; 353F.06; 353F.07;  
 2.7 353F.08; 353F.09; 353G.08, subdivision 1a; 353G.11, subdivisions 2, 2a, by adding  
 2.8 a subdivision; 353G.17, subdivisions 4, 5; 353G.19, subdivisions 1, 2, 3, 4, 5;  
 2.9 354.42, subdivision 3; 354.44, subdivision 6; 354B.215, subdivisions 3, 4; 356.215,  
 2.10 subdivisions 1, 4, 8, 11, 17; 356.24, subdivision 1; 356.415, subdivisions 1, 1b,  
 2.11 1c, 1d, 1e; 356.633, subdivisions 1, 2, by adding a subdivision; 356.636,  
 2.12 subdivisions 2, 3; 423A.022, subdivisions 2, 3, 5; 424A.014, subdivisions 2, 5;  
 2.13 424A.015, subdivision 4; 424A.016, subdivisions 2, 6; 424A.02, subdivision 3;  
 2.14 424A.05, subdivision 3; 424A.06, subdivision 2; 424A.08; 424A.092, subdivisions  
 2.15 2, 3, 4; 424A.093, subdivision 5; 424B.22, subdivisions 1, 2, 3, by adding a  
 2.16 subdivision; 477B.02, subdivisions 3, 8; 477B.03, subdivisions 5, 7; 477B.04,  
 2.17 subdivisions 3, 4; 490.123, subdivision 5; proposing coding for new law in  
 2.18 Minnesota Statutes, chapters 187; 352; 352B; 356; repealing Minnesota Statutes  
 2.19 2024, sections 11A.27; 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j,  
 2.20 4a, 4b, 4c, 6; 353F.02, subdivision 4a; 356.635, subdivision 9; 356A.06, subdivision  
 2.21 5; 424A.015, subdivision 5.

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

2.23 **ARTICLE 1**

2.24 **MINNESOTA STATE RETIREMENT SYSTEM**

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

2.26 Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section  
 2.27 352.116, subdivision 1, applies to a person who became a covered employee or a member  
 2.28 of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless  
 2.29 paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity  
 2.30 amount, in which case paragraph (b) applies.

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

2.37 (2) If the employee has allowable service after June 30, 2025, the employee's retirement  
 2.38 annuity is equal to the employee's average salary multiplied by 1.2 percent per year of  
 2.39 allowable service for the first ten years and 1.7 percent for each later year of allowable  
 2.40 service through June 30, 2025, and 1.9 percent for each year of allowable service after June  
 2.41 30, 2025, and pro rata for completed months less than a full year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.7 ~~(3)~~ (1) effective January 1, ~~2024~~ 2026, and thereafter, a postretirement increase of ~~1.5~~  
 5.8 1.75 percent must be applied each year to the amount of the monthly annuity or benefit of  
 5.9 each annuitant or benefit recipient who has been receiving an annuity or a benefit for at  
 5.10 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;  
 5.11 and

5.12 ~~(4)~~ (2) effective January 1, ~~2024~~ 2026, and thereafter, for each annuitant or benefit  
 5.13 recipient who has been receiving an annuity or a benefit for at least one full month, but less  
 5.14 than 12 full months as of the June 30 of the calendar year immediately before the adjustment,  
 5.15 an annual postretirement increase of 1/12 of ~~1.5~~ 1.75 percent for each month that the person  
 5.16 has been receiving an annuity or benefit must be applied to the amount of the monthly  
 5.17 annuity or benefit of the annuitant or benefit recipient.

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

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

## 5.24 ARTICLE 2

### 5.25 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

5.27 Subd. 2a. **Included employees; mandatory membership.** (a) Any public employees  
 5.28 employee whose salary from one governmental subdivision exceeds is expected to exceed  
 5.29 \$425 in any month and who are is not specifically excluded under subdivision 2b or have  
 5.30 has not been provided an option to participate under subdivision 2d, whether individually  
 5.31 or by action of the governmental subdivision, must participate beginning on the employee's  
 5.32 first day of employment as members a member of the association with retirement coverage  
 5.33 by the general employees retirement plan under this chapter, the public employees police

6.1 and fire plan under this chapter, or the local government correctional employees retirement  
6.2 plan under chapter 353E, whichever applies. For any employee whose salary is not expected  
6.3 to exceed \$425 in any month, membership commences as a condition of employment on  
6.4 the first day of employment or on the first day that the employee's salary exceeds \$425 and  
6.5 the other eligibility criteria are met, whichever is later. Public employees include but are  
6.6 not limited to:

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

6.9 (2) elected county sheriffs;

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

6.13 (i) town and city clerk or treasurer;

6.14 (ii) county auditor, treasurer, or recorder;

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

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

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

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

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

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

6.26 (8) employees of the Stevens County Housing and Redevelopment Authority who were  
6.27 first employed by the Stevens County Housing and Redevelopment Authority before May  
6.28 1, 2014, and who are not excluded employees under subdivision 2b;

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

7.1 (10) employees of the Public Employees Retirement Association.

7.2 (b) A public employee or elected official who was a member of the association on June  
7.3 30, 2002, based on employment that qualified for membership coverage by the public  
7.4 employees retirement plan or the public employees police and fire plan under this chapter,  
7.5 or the local government correctional employees retirement plan under chapter 353E as of  
7.6 June 30, 2002, retains that membership for the duration of the person's employment in that  
7.7 position or incumbency in elected office. Except as provided in subdivision 28, the person  
7.8 shall participate as a member until the employee or elected official terminates public  
7.9 employment under subdivision 11a or terminates membership under subdivision 11b.

7.10 (c) If the salary of an included public employee is less than \$425 in any subsequent  
7.11 month, the member retains membership eligibility.

7.12 (d) For the purpose of participation in the general employees retirement plan, public  
7.13 employees include employees who were members of the former Minneapolis Employees  
7.14 Retirement Fund on June 29, 2010.

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

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

7.17 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to  
7.18 participate as members of the association with retirement coverage by the general employees  
7.19 retirement plan, the local government correctional employees retirement plan under chapter  
7.20 353E, or the public employees police and fire plan:

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

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

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

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

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

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

8.5 (7) employees who by virtue of their employment in one governmental subdivision are  
8.6 required by law to be a member of and to contribute to any of the plans or funds administered  
8.7 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.  
8.8 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to  
8.9 prevent a person from being a member of and contributing to the Public Employees  
8.10 Retirement Association and also belonging to and contributing to another public pension  
8.11 plan or fund for other service occurring during the same period of time, and a person who  
8.12 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring  
8.13 during the same period of time becomes a member of the association unless contributions  
8.14 are made to another public retirement plan on the salary based on the other service or to the  
8.15 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

8.21 (9) persons who are:

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

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

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

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

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

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

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

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

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

9.9 (12) public hospital employees who elected not to participate as members of the  
9.10 association before 1972 and who did not elect to participate from July 1, 1988, to October  
9.11 1, 1988;

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

9.19 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision  
9.20 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person  
9.21 who is a volunteer firefighter may still qualify as a public employee under subdivision 2  
9.22 and may be a member of the Public Employees Retirement Association and a participant  
9.23 in the general employees retirement plan or the public employees police and fire plan,  
9.24 whichever applies, on the basis of compensation received from public employment activities  
9.25 other than those as a volunteer firefighter;

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

9.27 (i) pipefitters and associated trades personnel employed by Independent School District  
9.28 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters  
9.29 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed  
9.30 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section  
9.31 12;

9.32 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed  
9.33 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage

10.1 under a collective bargaining agreement by the electrical workers local 110 pension plan,  
10.2 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either  
10.3 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be  
10.4 excluded under Laws 2000, chapter 461, article 7, section 5;

10.5 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,  
10.6 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School  
10.7 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
10.8 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633  
10.9 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied  
10.10 trades local 61 pension plan, or the plasterers local 265 pension plan who were either first  
10.11 employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded  
10.12 under Laws 2001, First Special Session chapter 10, article 10, section 6;

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

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

10.22 (vi) laborers and associated trades personnel employed by the city of St. Paul or  
10.23 Independent School District No. 625, St. Paul, who are designated as temporary employees  
10.24 with coverage under a collective bargaining agreement by a multiemployer plan as defined  
10.25 in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018,  
10.26 or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter  
10.27 211, article 16, section 13; and

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

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

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

11.11 (18) independent contractors and the employees of independent contractors;

11.12 (19) reemployed annuitants of the association during the course of that reemployment;

11.13 (20) persons appointed to serve on a board or commission of a governmental subdivision  
11.14 or an instrumentality thereof;

11.15 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan  
11.16 Transit Commission who are members of the International Brotherhood of Teamsters Local  
11.17 638 and who are, by virtue of that employment, members of the International Brotherhood  
11.18 of Teamsters Central States pension plan; and

11.19 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who  
11.20 are members of the Teamsters General Local Union 346 and who are, by virtue of that  
11.21 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

11.22 (b) Any person performing the duties of a public officer in a position defined in  
11.23 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an  
11.24 employee of an independent contractor.

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

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

11.27 Subd. 2d. **Optional membership.** (a) Membership in the association is optional by  
11.28 action of the individual employee for the following public employees who meet the conditions  
11.29 set forth in subdivision 2a:

11.30 (1) members of the coordinated plan who are also employees of labor organizations as  
11.31 defined in section 353.017, subdivision 1, for their employment by the labor organization  
11.32 only, if they elect to have membership under section 353.017, subdivision 2;

12.1 (2) persons who are elected or ~~persons who are~~ appointed to elected positions, other  
12.2 than local governing body elected positions, and who elect to participate within 30 days of  
12.3 taking office by ~~filing~~ completing and signing a ~~written election for membership election~~  
12.4 on a form prescribed by the executive director of the association and filing the membership  
12.5 election with the association within 60 days of taking office;

12.6 (3) members of the association who are appointed by the governor to be a state department  
12.7 head and who elect not to be covered by the general state employees retirement plan of the  
12.8 Minnesota State Retirement System under section 352.021;

12.9 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be  
12.10 excluded from membership in the association under section 353.028, subdivision 2; and

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

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

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

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

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

12.31 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered  
12.32 by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the  
12.33 employee is excluded from retirement coverage under this chapter. For employees who are

13.1 covered by paragraph (a), clause (4), if the necessary election of exclusion is not made, the  
 13.2 employee must become a member and have retirement coverage under the applicable  
 13.3 provisions of this chapter. For employees specified in paragraph (b), clause (3), membership  
 13.4 continues until the exclusion option is exercised for the designated class of employee.

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

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

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

13.9 Subd. 2. **Election.** (a) A city manager first employed by a city may make a onetime,  
 13.10 irrevocable election to be excluded from membership in the general employees retirement  
 13.11 plan of the association. The election of exclusion must be made within 30 days following  
 13.12 the commencement of employment, must be made in writing on a form prescribed by the  
 13.13 executive director, ~~and~~ must be approved by a resolution adopted by the governing body  
 13.14 of the city, and must be filed with the association within 60 days of commencing employment.

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

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

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

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

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

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

13.29 Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion  
 13.30 under subdivision 2 is made, and if the city manager and the governing body of the city  
 13.31 additionally agree in writing that the additional compensation is to be deferred and is to be  
 13.32 contributed on behalf of the city manager to a deferred compensation program that meets

14.1 the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and  
 14.2 section 356.24, the governing body may compensate the city manager, in addition to the  
 14.3 salary allowed under any limitation imposed on salaries by law or charter, in an amount  
 14.4 equal to the employer contribution that would be required by section 353.27, subdivision  
 14.5 3, if the city manager were a member of the general employees retirement plan.

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

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

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

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

	Basic Program	Coordinated Program
14.18		
14.19	Effective before January 1, 2006	2.68 .43
14.20	Effective January 1, 2006	2.68 .5
14.21	Effective January 1, 2009	2.68 .75
14.22	Effective January 1, 2010	2.68 1

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

14.25 ~~(b) The coordinated program contribution rates set forth in paragraph (a) effective for~~  
 14.26 ~~January 1, 2010, must not be implemented if, following receipt of the July 1, 2009, annual~~  
 14.27 ~~actuarial valuation report under section 356.215, respectively, the actuarially required~~  
 14.28 ~~contributions are equal to or less than the total rates under this section in effect as of January~~  
 14.29 ~~1, 2008.~~

14.30 ~~(e)~~ (b) This subdivision is repealed once the actuarial value of the assets of the general  
 14.31 employees retirement plan of the Public Employees Retirement Association equal or exceed  
 14.32 98 percent of the actuarial accrued liability of the plan as determined by the actuary retained  
 14.33 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full

15.1 pay period occurring after March 31 of the calendar year following the issuance of the  
 15.2 actuarial valuation upon which the repeal is based.

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

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

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

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

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

15.10 Subdivision 1. **Duty disability qualification requirements.** A member who is determined  
 15.11 to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to  
 15.12 a disability benefit. The disability benefit must be based on covered service under this  
 15.13 chapter only and is an amount equal to 47.5 percent of the average salary defined in section  
 15.14 353E.04, subdivision 2, plus ~~an additional 1.9 percent,~~ for each year of covered service  
 15.15 under this chapter in excess of 25 years.:

15.16 (1) 1.9 percent for each year of allowable service beginning before July 1, 2025; and

15.17 (2) 2.2 percent for each year of allowable service beginning after June 30, 2025.

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

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

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

15.28 (b) The percentage of increase shall be one percent unless the federal Social Security  
 15.29 Administration has announced a cost-of-living adjustment pursuant to United States Code,  
 15.30 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than  
 15.31 ~~two~~ one percent. If the cost-of-living adjustment announced by the federal Social Security

16.1 Administration is greater than ~~two~~ one percent, the percentage of increase shall be 50 percent  
 16.2 ~~of~~ must be the same as the cost-of-living adjustment announced by the federal Social Security  
 16.3 Administration, but in no event may the percentage of increase exceed ~~1.5 percent~~ the  
 16.4 applicable maximum percentage in effect on January 1 under paragraph (c).

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

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

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

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

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

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

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

### 16.29 **ARTICLE 3**

#### 16.30 **PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN**

16.31 Section 1. Minnesota Statutes 2024, section 353D.01, subdivision 2, is amended to read:

16.32 Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

17.1 (1) any elected or appointed local government official of a governmental subdivision  
17.2 who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the  
17.3 service rendered to a governmental subdivision, is not a member of the association within  
17.4 the meaning of section 353.01, subdivision 7;

17.5 (2) physicians who, if they did not elect to participate in the plan under section 353D.02,  
17.6 subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

17.7 (3) basic and advanced life-support emergency medical service personnel who are  
17.8 employed by any public ambulance service that elects to participate under section 353D.02,  
17.9 subdivision 3;

17.10 (4) members of a municipal rescue squad associated with the city of Litchfield in Meeker  
17.11 County, or of a county rescue squad associated with Kandiyohi County, if an independent  
17.12 nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency  
17.13 management services, and if not affiliated with a fire department or ambulance service and  
17.14 if its members are not eligible for membership in that fire department's or ambulance service's  
17.15 relief association or comparable pension plan;

17.16 (5) members of the municipal rescue squad associated with the city of Eden Valley in  
17.17 Stearns and Meeker Counties who are not eligible for membership in the police and fire  
17.18 retirement plan or a firefighter relief association affiliated with the city and who elect to  
17.19 participate in the plan under section 353D.02, subdivision 4, paragraph (b);

17.20 ~~(5)~~ (6) employees of the Port Authority of the city of St. Paul who elect to participate  
17.21 in the plan under section 353D.02, subdivision 5, and who are not members of the association  
17.22 under section 353.01, subdivision 7;

17.23 ~~(6)~~ (7) city managers who elected to be excluded from the general employees retirement  
17.24 plan of the association under section 353.028 and who elected to participate in the public  
17.25 employees defined contribution plan under section 353.028, subdivision 3, paragraph (b);

17.26 ~~(7)~~ (8) volunteer or emergency on-call firefighters serving in a municipal fire department  
17.27 or an independent nonprofit firefighting corporation who are not covered by the police and  
17.28 fire retirement plan and who are not covered by a firefighters relief association and who  
17.29 elect to participate in the public employees defined contribution plan;

17.30 ~~(8)~~ (9) any elected county sheriff who is a former member of the police and fire plan,  
17.31 is receiving a retirement annuity as provided under section 353.651, ~~who~~ and does not have  
17.32 previous employment with the county for which the sheriff was elected; and

18.1 ~~(9)~~ (10) persons appointed to serve on a board or commission of a governmental  
 18.2 subdivision or an instrumentality thereof.

18.3 (b) Individuals otherwise eligible to participate in the plan under this subdivision who  
 18.4 are currently covered by a public or private pension plan because of their employment or  
 18.5 provision of services are not eligible to participate in the ~~public employees defined~~  
 18.6 ~~contribution~~ plan.

18.7 (c) A former participant is a person who has terminated eligible employment or service  
 18.8 and has not withdrawn the value of the person's individual account.

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

18.10 Sec. 2. Minnesota Statutes 2024, section 353D.02, subdivision 1, is amended to read:

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

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

18.23 Sec. 3. Minnesota Statutes 2024, section 353D.02, subdivision 2, is amended to read:

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

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

19.1 Sec. 4. Minnesota Statutes 2024, section 353D.02, subdivision 3, is amended to read:

19.2 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with  
 19.3 eligible personnel may elect to participate in the plan. If a service elects to participate, its  
 19.4 eligible personnel may elect to participate or decline to participate. An individual's  
 19.5 membership election must be made within 30 days of the service's election to participate  
 19.6 or within 30 days of the date on which the individual began employment with the service  
 19.7 or began to provide service for it, whichever date is later. The membership election must  
 19.8 be received by the association within 60 days of the service's election to participate or within  
 19.9 60 days of the date on which the individual first began employment, whichever is later. An  
 19.10 election by a service or an individual is irrevocable.

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

19.12 Sec. 5. Minnesota Statutes 2024, section 353D.02, subdivision 4, is amended to read:

19.13 Subd. 4. **Eligible rescue squad personnel members.** (a) The municipality or county,  
 19.14 as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph  
 19.15 (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable,  
 19.16 elects to participate, the eligible personnel may elect to participate or decline to participate.  
 19.17 An eligible individual's membership election must be made within 30 days of the ~~service's~~  
 19.18 municipality's or county's election to participate or within 30 days of the date on which the  
 19.19 individual first began employment with the rescue squad, whichever is later. ~~Elections under~~  
 19.20 ~~this subdivision by a government unit or individual are irrevocable.~~ The membership election  
 19.21 must be received by the association within 60 days of the municipality's or county's election  
 19.22 to participate or within 60 days of the date on which the individual first began employment,  
 19.23 whichever is later. The municipality or county, as applicable, must specify by resolution  
 19.24 eligibility requirements for rescue squad personnel which must be satisfied if the individual  
 19.25 is to be authorized to make the membership election under this subdivision.

19.26 (b) An eligible member under section 353D.01, subdivision 2, paragraph (a), clause (5),  
 19.27 may elect to participate or decline to participate in the plan within 30 days of the date on  
 19.28 which the member first begins service with the rescue squad.

19.29 (c) Elections under this subdivision by a government unit or individual are irrevocable.

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

20.1 Sec. 6. Minnesota Statutes 2024, section 353D.02, subdivision 5, is amended to read:

20.2 Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the  
 20.3 city of St. Paul who do not elect to participate in the general employees retirement plan may  
 20.4 elect within the first 30 days of commencing employment to participate in the plan by ~~file~~  
 20.5 completing and signing a membership application election on a form prescribed by the  
 20.6 executive director of the association authorizing contributions to be deducted from the  
 20.7 employee's salary. Participation begins on the first day of the pay period for which the  
 20.8 contributions were deducted or, if pay period coverage dates are not provided, the date on  
 20.9 which the membership ~~application~~ election or the contributions are received in the office  
 20.10 of the association, whichever is received first, ~~if provided~~ the membership ~~application~~  
 20.11 election is received by the association within 60 days of ~~the receipt of the contributions~~  
 20.12 commencing employment. An election to participate in the plan is irrevocable.

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

20.14 Sec. 7. Minnesota Statutes 2024, section 353D.02, subdivision 6, is amended to read:

20.15 Subd. 6. **City managers.** ~~Any city managers manager~~ who elected to be excluded within  
 20.16 30 days of commencing employment from the general employees retirement plan of the  
 20.17 Public Employees Retirement Association under section 353.028, subdivision 2, and who  
 20.18 ~~elected to participate in the plan~~ entered into an agreement under section 353.028, subdivision  
 20.19 3, paragraph (b), with the governing body of the city that employs the city manager to have  
 20.20 the city make contributions to the defined contribution plan under chapter 353D, must file  
 20.21 ~~that an~~ election with the executive director association within the first ~~30~~ 60 days of  
 20.22 commencing employment to participate in the defined contribution plan. The city manager  
 20.23 must complete and sign a membership election on a form prescribed by the executive director  
 20.24 of the association. Participation begins on the first day of the pay period next following the  
 20.25 date of the coverage election. An election to participate by a city manager is irrevocable.

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

20.27 Sec. 8. Minnesota Statutes 2024, section 353D.02, subdivision 7, is amended to read:

20.28 Subd. 7. **Certain volunteer firefighters.** Volunteer or on-call firefighters who are serving  
 20.29 as members of a municipal fire department or an independent nonprofit firefighting  
 20.30 corporation and who are not covered for that firefighting service by the public employees  
 20.31 police and fire retirement plan under sections 353.63 to 353.68, by a firefighters relief  
 20.32 association under chapter 424A, or by the statewide volunteer firefighter retirement plan  
 20.33 under chapter 353G may elect to participate in the plan within the first 30 days of

21.1 commencing service by completing and signing a membership election on a form prescribed  
 21.2 by the executive director of the association. The membership election must be filed with  
 21.3 the association within 60 days of commencing service. An eligible firefighter's election is  
 21.4 irrevocable. No employer contribution is payable by the fire department or the firefighting  
 21.5 corporation unless the municipal governing body or the firefighting corporation governing  
 21.6 body, whichever applies, ratifies the membership election.

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

21.8

## ARTICLE 4

21.9

### PERA PRIVATIZATION

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

21.11 **353F.01 PURPOSE AND INTENT.**

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

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

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

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

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

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

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

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

22.8 Subd. 3c. **General employees retirement fund.** "General employees retirement fund"  
22.9 means the general employees retirement fund as defined under section 353.27, subdivision  
22.10 1.

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

22.13 Subd. 3d. **General employees retirement plan.** "General employees retirement plan"  
22.14 or "general plan" means the general employees retirement plan of the association established  
22.15 under chapter 353.

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

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

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

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

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

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

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

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

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

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

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

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

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

23.17 (3) (2) ~~was a participant in~~ member of the general employees retirement plan of the  
 23.18 ~~Public Employees Retirement Association at the time of termination of employment with~~  
 23.19 ~~the privatized former public employer~~ for the period of employment with the governmental  
 23.20 subdivision.

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

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

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

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

24.2 **353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL**  
 24.3 **FACILITIES AND OTHER PUBLIC EMPLOYING UNITS WITHDRAWAL**  
 24.4 **LIABILITY.**

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

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

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

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

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

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

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

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

25.10 (1) the present value of accrued benefits attributable to the privatizing active employees;  
 25.11 and  
 25.12 (2) the general plan's funding ratio.

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

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

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

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

25.29 Subd. 2. **Reporting privatizations.** (a) ~~If the actuarial calculations under subdivision~~  
 25.30 1, paragraph (c), indicate privatization can be approved because a net gain to the general  
 25.31 employees retirement plan of the Public Employees Retirement association is expected, or  
 25.32 if paragraph (b) applies, the executive director shall, following acceptance of the actuarial  
 25.33 calculations by The association must maintain a record of the consulting actuary's calculation

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

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

26.5 (2) the chair and the executive director of the Legislative Commission on Pensions and  
 26.6 Retirement; and

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

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

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

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

26.26 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

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

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

27.2 **353F.04 AUGMENTATION INTEREST RATES FOR PRIVATIZED FORMER**  
 27.3 **PUBLIC EMPLOYEES.**

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

27.7 (b) This paragraph applies if the effective date of privatization was on or before January  
 27.8 1, 2007, and also applies to Hutchinson Area Health Care with a privatization effective date  
 27.9 of January 1, 2008. For a privatized ~~former public~~ employee, the augmentation rate is 5.5  
 27.10 percent compounded annually until January 1 following the year in which the ~~person~~  
 27.11 privatized employee attains age 55. After that date, the augmentation rate is 7.5 percent  
 27.12 compounded annually.

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

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

27.25 (e) Notwithstanding paragraphs (b) to (d), after June 30, 2020, and before January 1,  
 27.26 2024, the augmentation rate for all privatized ~~former public~~ employees under paragraphs  
 27.27 (b) to (d) is two percent compounded annually. After December 31, 2023, no additional  
 27.28 augmentation is applied to the deferred annuities of privatized ~~former public employee's~~  
 27.29 ~~deferred annuity~~ employees.

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

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

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

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

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

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

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

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

28.12 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**  
 28.13 **EARLY RETIREMENT PURPOSES.**

28.14 (a) For the purpose of determining eligibility for early retirement benefits provided under  
 28.15 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year  
 28.16 before the year in which the privatization occurred, and notwithstanding any provision of  
 28.17 chapter 353; to the contrary, the years of allowable service for a privatized ~~former public~~  
 28.18 employee who transfers employment on the effective date of privatization and does not  
 28.19 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of  
 28.20 Minnesota Statutes published in the year before the year in which the privatization occurred,  
 28.21 or any similar provision, includes service with the privatized ~~former public~~ employer  
 28.22 following the effective date. The privatized ~~former public~~ employer shall provide any reports  
 28.23 that the executive director of the ~~Public Employees Retirement Association~~ may reasonably  
 28.24 request to permit calculation of benefits.

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

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

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

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

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

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

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

29.9 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**  
29.10 **PROVISION.**

29.11 Notwithstanding any provisions of law to the contrary, subdivisions within section  
29.12 353.32 of the edition of Minnesota Statutes published in the year before the year in which  
29.13 a privatization occurred, applicable to the surviving spouse or dependent children of a former  
29.14 member as defined in section 353.01, subdivision 7a, apply to the survivors of a privatized  
29.15 ~~former public~~ employee.

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

29.17 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

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

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

29.23 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**  
29.24 **LIMITATIONS.**

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

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

30.2 **353F.07 EFFECT ON REFUND.**

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

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

30.11 **353F.08 COUNSELING SERVICES.**

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

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

30.18 **353F.09 APPLICATION TO SALES OF PRIVATIZED ~~FORMER PUBLIC~~**  
 30.19 **EMPLOYERS.**

30.20 A ~~medical facility or other employing unit~~ privatized employer shall cease to be a  
 30.21 privatized ~~former public~~ employer and its employees shall cease to be considered privatized  
 30.22 ~~former public~~ employees under this chapter upon the sale of the operations of the ~~medical~~  
 30.23 ~~facility or~~ employing unit to another employer or the sale of the ~~medical facility or~~ employing  
 30.24 unit to another employer. The privatized ~~former public~~ employees ~~shall be~~ are entitled to  
 30.25 benefits accrued under this chapter to the date of the sale, but ~~shall~~ must not accrue additional  
 30.26 benefits after the date of the sale.

30.27 Sec. 25. **REPEALER.**

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

30.29 Sec. 26. **EFFECTIVE DATE.**

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

31.1 **ARTICLE 5**

31.2 **MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP**

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

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

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

31.8 Subd. 3. **Contributions.** The employee and employer contributions required by section  
31.9 352.04, or by section 352.92 for employees covered by section ~~352.91~~ 352.905, are the  
31.10 obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph  
31.11 (a), or who chooses coverage under this section. However, the employing labor organization  
31.12 may pay the employer contributions. Contributions made by the employee must be made  
31.13 by salary deduction. The employing labor organization shall pay all contributions to the  
31.14 system as required by section 352.04, or by section 352.92 for employees covered by section  
31.15 ~~352.91~~ 352.905.

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

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

31.24 (b) The executive director, deputy director, and assistant director must be in the  
31.25 unclassified service but appointees may be selected from civil service lists if desired.  
31.26 Notwithstanding any law to the contrary, the board must set the salary of the executive  
31.27 director. The board must review the performance of the executive director on an annual  
31.28 basis and may grant salary adjustments as a result of the review. The salary of the deputy  
31.29 director and assistant director must be set in accordance with section 43A.18, subdivision  
31.30 3.

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

32.2 **352.90 POLICY.**

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

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

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

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

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

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

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

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

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

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

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

33.7 (1) Minnesota Correctional Facility-Faribault;

33.8 (2) Minnesota Correctional Facility-Lino Lakes;

33.9 (3) Minnesota Correctional Facility-Moose Lake;

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

33.11 (5) Minnesota Correctional Facility-Red Wing;

33.12 (6) Minnesota Correctional Facility-Rush City;

33.13 (7) Minnesota Correctional Facility-Shakopee;

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

33.15 (9) Minnesota Correctional Facility-Stillwater;

33.16 (10) Minnesota Correctional Facility-Togo; or

33.17 (11) Minnesota Correctional Facility-Willow River.

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

33.19 (1) the forensic services program; or

33.20 (2) the Minnesota Sex Offender Program.

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

33.23 Subd. 11. **Rehabilitation.** "Rehabilitation" means the process of providing treatment,  
 33.24 education, or other interventions designed to improve the mental, physical, or behavioral  
 33.25 condition of a patient, client, or incarcerated person with the goal of facilitating the  
 33.26 reintegration into society or improving the quality of life of the patient, client, or incarcerated  
 33.27 person.

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

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

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

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

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

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

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

34.19 (1) corrections officer 1;

34.20 (2) corrections officer 2;

34.21 (3) corrections officer 3;

34.22 (4) corrections lieutenant;

34.23 (5) corrections captain;

34.24 (6) security counselor;

34.25 (7) security counselor lead; or

34.26 (8) corrections canine officer.

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

35.1 director, in the manner prescribed by the executive director, that the employee satisfies the  
35.2 direct contact requirement.

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

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

35.8 (1) automotive mechanic;

35.9 (2) baker;

35.10 (3) behavior analyst 1;

35.11 (4) behavior analyst 2;

35.12 (5) behavior analyst 3;

35.13 (6) building maintenance coordinator;

35.14 (7) building maintenance lead worker;

35.15 (8) building maintenance supervisor 2;

35.16 (9) building utilities mechanic;

35.17 (10) carpenter;

35.18 (11) carpenter lead;

35.19 (12) central services administrative specialist intermediate;

35.20 (13) central services administrative specialist principal;

35.21 (14) central services administrative specialist senior;

35.22 (15) certified occupational therapy assistant 1;

35.23 (16) certified occupational therapy assistant 2;

35.24 (17) chaplain;

35.25 (18) client advocate;

35.26 (19) clinical program therapist 1;

35.27 (20) clinical program therapist 2;

35.28 (21) clinical program therapist 3;

- 36.1 (22) clinical program therapist 4;
- 36.2 (23) cook;
- 36.3 (24) cook coordinator;
- 36.4 (25) corrections chief cook;
- 36.5 (26) corrections discipline unit supervisor;
- 36.6 (27) corrections food services supervisor;
- 36.7 (28) corrections industries production supervisor;
- 36.8 (29) corrections inmate program coordinator;
- 36.9 (30) corrections manufacturing specialist-tool and die;
- 36.10 (31) corrections manufacturing specialist-engraving and drafting;
- 36.11 (32) corrections manufacturing specialist-graphics;
- 36.12 (33) corrections manufacturing specialist-light assembly;
- 36.13 (34) corrections manufacturing specialist-light manufacturing;
- 36.14 (35) corrections manufacturing specialist-mechanical;
- 36.15 (36) corrections manufacturing specialist-sales and service;
- 36.16 (37) corrections manufacturing specialist-transportation and warehouse;
- 36.17 (38) corrections manufacturing specialist-wood;
- 36.18 (39) corrections security caseworker;
- 36.19 (40) corrections security caseworker career;
- 36.20 (41) corrections teaching assistant;
- 36.21 (42) corrections transitions program coordinator;
- 36.22 (43) culinary supervisor; and
- 36.23 (44) customer services specialist principal.
- 36.24 Subd. 4. **Employment positions D to M.** Employment positions with a title that begins
- 36.25 with the letters "D" to "M":
- 36.26 (1) delivery van driver;
- 36.27 (2) dental assistant;

- 37.1 (3) dental hygienist;
- 37.2 (4) dentist;
- 37.3 (5) electrical/electronics specialist;
- 37.4 (6) electrician;
- 37.5 (7) electrician lead;
- 37.6 (8) electrician master of record;
- 37.7 (9) electrician supervisor;
- 37.8 (10) food service supervisor;
- 37.9 (11) food service worker;
- 37.10 (12) general maintenance worker;
- 37.11 (13) general maintenance worker lead;
- 37.12 (14) general repair worker;
- 37.13 (15) groundskeeper senior;
- 37.14 (16) group supervisor;
- 37.15 (17) group supervisor assistant;
- 37.16 (18) human services support specialist;
- 37.17 (19) institution maintenance lead worker;
- 37.18 (20) laborer trades and equipment;
- 37.19 (21) library technician;
- 37.20 (22) library/information resource services specialist;
- 37.21 (23) library/information resource services specialist supervisor;
- 37.22 (24) licensed alcohol/drug counselor;
- 37.23 (25) licensed practical nurse;
- 37.24 (26) machinery repair worker;
- 37.25 (27) maintenance machinist;
- 37.26 (28) management analyst 3;
- 37.27 (29) mason;

38.1 (30) medical assistant, certified; and

38.2 (31) music therapist.

38.3 Subd. 5. Employment positions O to R. Employment positions with a title that begins  
38.4 with the letters "O" to "R":

38.5 (1) occupational therapist;

38.6 (2) occupational therapist senior;

38.7 (3) painter;

38.8 (4) painter lead;

38.9 (5) physical therapist;

38.10 (6) plant maintenance engineer;

38.11 (7) plant maintenance engineer lead;

38.12 (8) plumber;

38.13 (9) plumber chief;

38.14 (10) plumber master in charge;

38.15 (11) plumber supervisor;

38.16 (12) psychiatric advanced practice registered nurse;

38.17 (13) psychologist 1;

38.18 (14) psychologist 2;

38.19 (15) psychologist 3;

38.20 (16) recreation program assistant;

38.21 (17) recreation therapist;

38.22 (18) recreation therapist coordinator;

38.23 (19) recreation therapist senior;

38.24 (20) refrigeration mechanic;

38.25 (21) registered nurse;

38.26 (22) registered nurse advanced practice;

38.27 (23) registered nurse principal;

- 39.1 (24) registered nurse senior;
- 39.2 (25) rehabilitation counselor senior; and
- 39.3 (26) residential program lead.
- 39.4 Subd. 6. Employment positions S to W. Employment positions with a title that begins
- 39.5 with the letters "S" to "W":
- 39.6 (1) security supervisor;
- 39.7 (2) sentencing to service crew leader, institution community work crews;
- 39.8 (3) skills development specialist;
- 39.9 (4) social work specialist;
- 39.10 (5) social work specialist senior-human services;
- 39.11 (6) social worker senior;
- 39.12 (7) special education program assistant;
- 39.13 (8) special teacher: doctoral;
- 39.14 (9) special teacher: master of arts/master of science/five-year+teachers license;
- 39.15 (10) special teacher: five-year career technical credential;
- 39.16 (11) special teacher: five-year career technical credential+10 credits;
- 39.17 (12) special teacher: five-year career technical credential+20 credits;
- 39.18 (13) special teacher: five-year career technical credential+30 credits;
- 39.19 (14) special teacher: five-year career technical credential+40 credits;
- 39.20 (15) special teacher: five-year career technical credential+50 credits;
- 39.21 (16) special teacher: bachelor of arts/bachelor of science+teachers license;
- 39.22 (17) special teacher: bachelor of arts/bachelor of science+teachers license+10 credits;
- 39.23 (18) special teacher: bachelor of arts/bachelor of science+teachers license+20 credits;
- 39.24 (19) special teacher: bachelor of arts/bachelor of science+teachers license+30 credits;
- 39.25 (20) special teacher: bachelor of arts/bachelor of science+teachers license+40 credits;
- 39.26 (21) special teacher: career technical credential;
- 39.27 (22) special teacher: master of arts/master of science+teachers license+10 graduate
- 39.28 credits;

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

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

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

40.6 (26) speech pathology clinician;

40.7 (27) sports medicine specialist;

40.8 (28) work therapy assistant;

40.9 (29) work therapy program coordinator; and

40.10 (30) work therapy technician.

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

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

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

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

40.23 **(1) the commissioner or the commissioner's designee;**

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

40.25 **(3) the executive director or the executive director's designee;**

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

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

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

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

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

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

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

41.20 **Subd. 2. Change in the title of an employment position.** (a) No later than 60 days  
41.21 before the effective date of a change in the title of an employment position listed in section  
41.22 352.905, the Department of Corrections or Direct Care and Treatment, as applicable, must  
41.23 submit a request to the commissioner of management and budget to review the title change  
41.24 and determine whether the responsibilities of the employment position have changed. The  
41.25 commissioner of management and budget must provide a response to the Department of  
41.26 Corrections or Direct Care and Treatment, as applicable, by the effective date of the change.

41.27 (b) If the commissioner of management and budget determines that the responsibilities  
41.28 of the employment position have not changed or the responsibilities of the employment  
41.29 position have changed but the changes do not affect the eligibility of the employment position  
41.30 for coverage by the correctional employees retirement plan, the department or agency, as  
41.31 applicable, must:

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

42.1 (2) notify each employee in the employment position no later than 30 days after the  
42.2 effective date of the title change that the title change will not affect the continued coverage  
42.3 of the employee by the correctional employees retirement plan and that the department or  
42.4 agency, as applicable, has submitted a request to the legislature to change the title in section  
42.5 352.905.

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

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

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

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

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

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

43.1 responsibilities of the employment position have changed, the employment position and all  
43.2 employees in the employment position are no longer eligible for coverage by the correctional  
43.3 employees retirement plan.

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

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

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

43.18 (e) If the correctional plan membership committee determines that an employment  
43.19 position must be added to or removed from the lists of employment positions in section  
43.20 352.905, subdivisions 3 to 6, the department or agency affected by the determination must  
43.21 submit the employment position change to the executive director of the Legislative  
43.22 Commission on Pensions and Retirement before the start of the next legislative session and  
43.23 request legislation to make the change.

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

43.30 Subd. 5. **Procedures for adding or ceasing coverage for employees.** (a) The correctional  
43.31 plan membership committee must consider requests to provide coverage by the correctional  
43.32 employees retirement plan to an employee in an employment position listed in section  
43.33 352.905, subdivisions 3 to 6, or to cease coverage of an employee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45.12 Section 356.637 applies if an employee is erroneously covered by:

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

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

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

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

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

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

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

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

46.3 (c) Eligible prior correctional employment is employment covered by the general state  
 46.4 employees retirement plan of the Minnesota State Retirement System, is continuous service,  
 46.5 and is certified by the commissioner of corrections and the Direct Care and Treatment  
 46.6 executive board, whichever applies, and by the commissioner of management and budget  
 46.7 to the executive director of the Minnesota State Retirement System as service that would  
 46.8 qualify for correctional state employees retirement plan coverage under section ~~352.91~~  
 46.9 352.905, if the service had been rendered after the date of coverage transfer.

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

46.15 Sec. 11. **REPEALER.**

46.16 Minnesota Statutes 2024, section 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h,  
 46.17 3i, 3j, 4a, 4b, 4c, and 6, are repealed.

46.18 Sec. 12. **EFFECTIVE DATE.**

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

## 46.20 **ARTICLE 6**

### 46.21 **HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN**

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

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

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

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

- 47.1 (3) to the individual retirement account plan established by chapter 354B;
- 47.2 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or  
47.3 terminating employee;
- 47.4 (5) to a deferred compensation plan defined in subdivision 3;
- 47.5 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
47.6 and Universities and not covered by clause (5), to the supplemental retirement plan under  
47.7 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in  
47.8 the collective bargaining agreement of the public employer with the exclusive representative  
47.9 of the covered employees in an appropriate unit, in an amount matching employee  
47.10 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
47.11 ~~\$2,700~~ \$4,300 a year for each employee;
- 47.12 (7) to a supplemental plan or to a governmental trust to save for postretirement health  
47.13 care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the  
47.14 supplemental plan coverage is provided for in a personnel policy or in the collective  
47.15 bargaining agreement of a public employer with the exclusive representative of the covered  
47.16 employees in an appropriate unit;
- 47.17 (8) to the laborers national industrial pension fund or to a laborers local pension fund  
47.18 for the employees of a governmental subdivision who are covered by a collective bargaining  
47.19 agreement that provides for coverage by that fund and that sets forth a fund contribution  
47.20 rate, but not to exceed an employer contribution of \$10,000 per year per employee;
- 47.21 (9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters  
47.22 local pension fund for the employees of a governmental subdivision who are covered by a  
47.23 collective bargaining agreement that provides for coverage by that fund and that sets forth  
47.24 a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per  
47.25 employee;
- 47.26 (10) to the international union of operating engineers pension fund for the employees  
47.27 of a governmental subdivision who are covered by a collective bargaining agreement that  
47.28 provides for coverage by that fund and that sets forth a fund contribution rate, but not to  
47.29 exceed an employer contribution of \$10,000 per year per employee;
- 47.30 (11) to the International Association of Machinists national pension fund for the  
47.31 employees of a governmental subdivision who are covered by a collective bargaining  
47.32 agreement that provides for coverage by that fund and that sets forth a fund contribution  
47.33 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

48.1 (12) for employees of United Hospital District, Blue Earth, to the state of Minnesota  
 48.2 deferred compensation program, if the employee makes a contribution, in an amount that  
 48.3 does not exceed the total percentage of covered salary under section 353.27, subdivisions  
 48.4 3 and 3a;

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

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

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

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

## 48.15 **ARTICLE 7**

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

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

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

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

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

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

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

48.27 (5) the accrued liabilities; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

51.2 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a  
51.3 relief association who has separated from active service and membership and has completed  
51.4 the minimum service and membership requirements in subdivision 2. The requirement that  
51.5 a member separate from active service and membership is waived for ~~persons~~ any person  
51.6 ~~who have~~ has discontinued ~~their~~ volunteer firefighter and paid on-call firefighter duties and  
51.7 ~~who are~~ is employed on a part-time or full-time basis under section 424A.015, subdivision  
51.8 1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

53.7 (8) for the payment or direct rollover under section 356.633 of a service pension to the  
 53.8 former spouse of a member or former member of a relief association, if the former spouse  
 53.9 is an alternate payee designated in a qualified domestic relations order under subdivision  
 53.10 5.

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

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

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

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

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

53.23 (2) all money received from fines;

53.24 (3) all money received from initiation fees;

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

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

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

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

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

54.3 Subd. 2. **Determination of accrued liability.** (a) ~~Beginning with the calculation~~  
54.4 ~~performed in 2021 for the 2022 calendar year,~~ Each firefighters relief association which  
54.5 pays a lump-sum service pension shall determine the accrued liability of the special fund  
54.6 of the firefighters relief association relative to each active member of the relief association,  
54.7 calculated using the applicable appendix to the standards for actuarial work established by  
54.8 the Legislative Commission on Pensions and Retirement under section 3.85, subdivision  
54.9 10.

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

Cumulative Year	Accrued Liability
.....	.....
1	\$ 60
2	124
3	190
4	260
5	334
6	410
7	492
8	576
9	666
10	760
11	858
12	962
13	1070
14	1184
15	1304
16	1428
17	1560
18	1698
19	1844
20	2000
21 and thereafter	100 additional per year

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

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

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

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

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

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

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

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

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

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

56.3 (3) The amount of the total present assets of the special fund calculated under clause (2)  
56.4 must be subtracted from the amount of the total accrued liability of the special fund calculated  
56.5 under clause (1). If the amount of total present assets exceeds the amount of the total accrued  
56.6 liability, then the special fund is considered to have a surplus over full funding. If the amount  
56.7 of the total present assets is less than the amount of the total accrued liability, then the  
56.8 special fund is considered to have a deficit from full funding. If the amount of total present  
56.9 assets is equal to the amount of the total accrued liability, then the special fund is considered  
56.10 to be fully funded.

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

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

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

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

56.21 (4) If the special fund is fully funded, the financial requirements of the special fund for  
56.22 the following calendar year are the total of the amounts calculated under clauses (2) and  
56.23 (3).

56.24 (5) If the special fund has a deficit from full funding, the financial requirements of the  
56.25 special fund for the following calendar year are the financial requirements of the special  
56.26 fund calculated as though the special fund were fully funded under clause (4) plus an amount  
56.27 equal to one-tenth of the original amount of the deficit from full funding of the special fund  
56.28 as determined under clause (2) resulting either from an increase in the amount of the service  
56.29 pension occurring in the last ten years or from a net annual investment loss occurring during  
56.30 the last ten years until each increase in the deficit from full funding is fully retired. The  
56.31 annual amortization contribution under this clause may not exceed the amount of the deficit  
56.32 from full funding.

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

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

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

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

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

57.28 (b) The financial requirements of the relief association and the minimum municipal  
 57.29 obligation must be included in the financial report or financial statement under section  
 57.30 424A.014. The schedule forms related to the determination of the financial requirements  
 57.31 must be filed annually with the state auditor by ~~March 31, annually, if the relief association~~  
 57.32 ~~is required to file a financial statement under section 424A.014, subdivision 2, or by June~~  
 57.33 ~~30, annually, if the relief association is required to file a financial report and audit under~~  
 57.34 ~~section 424A.014, subdivision 1.~~

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

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

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

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

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

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

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

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

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

59.4 (c) The officers of the relief association shall certify the financial requirements of the  
59.5 special fund of the relief association and the minimum obligation of the municipality with  
59.6 respect to the special fund of the relief association as determined under subdivision 4 and  
59.7 this subdivision by August 1 of each year. The certification must be made to the entity that  
59.8 is responsible for satisfying the minimum obligation with respect to the special fund of the  
59.9 relief association. If the responsible entity is a joint powers entity, the certification must be  
59.10 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
59.11 is silent on this point, the certification must be made to the chair of the joint powers board.

59.12 (d) The financial requirements of the relief association and the minimum municipal  
59.13 obligation must be included in the financial report or financial statement under section  
59.14 424A.014.

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

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

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

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

60.1 Sec. 11. **REPEALER.**

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

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

60.4 **ARTICLE 8**

60.5 **FIREFIGHTERS RELIEF ASSOCIATIONS**

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

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

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

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

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

60.23 (1) For a defined benefit relief association that pays a monthly service pension, the  
60.24 maximum monthly service pension amount per month for each year of service credited is  
60.25 \$100.

60.26 (2) For a defined benefit relief association that pays a lump-sum service pension, the  
60.27 maximum lump-sum service pension amount for each year of service credited is ~~\$15,000~~  
60.28 \$20,000.

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

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

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

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

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

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

61.9 Sec. 2. **REPEALER.**

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

## 61.11 **ARTICLE 9**

### 61.12 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

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

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

61.16 (b) Covered employee does not include:

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

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

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

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

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

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

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

62.3 Subd. 6a. **Enrollment window.** "Enrollment window" means the period established by  
62.4 the board, according to a phase-in schedule approved under Laws 2023, chapter 46, section  
62.5 10, subdivision 1, paragraph (b), that is applicable to each covered employer and during  
62.6 which the covered employer is first required to provide information to covered employees  
62.7 and enroll covered employees who do not elect to opt out of the program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

66.18 (c) The executive director must file with the Campaign Finance and Public Disclosure  
 66.19 Board an economic interest statement in a manner prescribed by section 10A.09, subdivisions  
 66.20 5 and 6.

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

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

66.25 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

66.26 (a) The board may enter into intergovernmental agreements with the commissioner of  
 66.27 revenue, the commissioner of labor and industry, the commissioner of employment and  
 66.28 economic development, and any other state agency that the board deems necessary or  
 66.29 appropriate to provide outreach, technical assistance, or compliance services. An agency  
 66.30 that enters into an intergovernmental agreement with the board pursuant to this section must  
 66.31 collaborate and cooperate with the board to provide the outreach, technical assistance, or  
 66.32 compliance services under any such agreement. The board, executive director, and program

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

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

67.7 (1) federal employer identification number;

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

67.9 (3) number of employees; and

67.10 (4) employer industry code.

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

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

67.14 **Subdivision 1. Failure to enroll covered employees or distribute information. (a)**  
 67.15 The board may assess penalties against a covered employer that fails to comply with section  
 67.16 187.07, subdivision 1 or 3 or both subdivisions 1 and 3, beginning with the second  
 67.17 anniversary of the date on which the covered employer was first required to comply with  
 67.18 section 187.07, subdivision 1 or 3, as applicable.

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

67.21 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed  
 67.22 \$4,000;

67.23 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed  
 67.24 \$6,000;

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

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

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

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

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

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

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

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

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

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

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

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

68.18 Subd. 3. **Failure to remit contributions.** (a) If the executive director has reason to  
 68.19 believe, based on communication from a covered employee or another source, that a covered  
 68.20 employer has failed to comply with section 187.07, subdivision 2, by not remitting payroll  
 68.21 deduction contributions withheld from the paycheck of one or more covered employees  
 68.22 within 30 days after the deduction is withheld, the executive director must make a written  
 68.23 demand to the covered employer requiring the covered employer to immediately remit to  
 68.24 the program the withheld contributions plus interest at the annual rate specified in section  
 68.25 356.59, subdivision 2, for the period beginning with the tenth day after the contribution was  
 68.26 deducted from the covered employee's paycheck to the date the contribution is remitted to  
 68.27 the program.

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

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

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

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

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

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

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

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

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

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

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

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

- 70.1 (5) human rights agencies within Minnesota that have enforcement powers;
- 70.2 (6) the Department of Revenue to the extent necessary for its duties under Minnesota  
70.3 laws;
- 70.4 (7) public and private agencies responsible for administering publicly financed assistance  
70.5 programs for the purpose of monitoring the eligibility of the program's recipients;
- 70.6 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the  
70.7 Department of Commerce for uses consistent with the administration of their duties under  
70.8 Minnesota law;
- 70.9 (9) the Department of Human Services and the Office of Inspector General and its agents  
70.10 within the Department of Human Services, including county fraud investigators, for  
70.11 investigations related to recipient or provider fraud and employees of providers when the  
70.12 provider is suspected of committing public assistance fraud;
- 70.13 (10) the Department of Human Services for the purpose of evaluating medical assistance  
70.14 services and supporting program improvement;
- 70.15 (11) local and state welfare agencies for monitoring the eligibility of the data subject  
70.16 for assistance programs, or for any employment or training program administered by those  
70.17 agencies, whether alone, in combination with another welfare agency, or in conjunction  
70.18 with the department or to monitor and evaluate the statewide Minnesota family investment  
70.19 program and other cash assistance programs, the Supplemental Nutrition Assistance Program,  
70.20 and the Supplemental Nutrition Assistance Program Employment and Training program by  
70.21 providing data on recipients and former recipients of Supplemental Nutrition Assistance  
70.22 Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child  
70.23 care assistance under chapter 142E, or medical programs under chapter 256B or 256L or  
70.24 formerly codified under chapter 256D;
- 70.25 (12) local and state welfare agencies for the purpose of identifying employment, wages,  
70.26 and other information to assist in the collection of an overpayment debt in an assistance  
70.27 program;
- 70.28 (13) local, state, and federal law enforcement agencies for the purpose of ascertaining  
70.29 the last known address and employment location of an individual who is the subject of a  
70.30 criminal investigation;
- 70.31 (14) the United States Immigration and Customs Enforcement has access to data on  
70.32 specific individuals and specific employers provided the specific individual or specific  
70.33 employer is the subject of an investigation by that agency;

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

71.2 (16) the Department of Corrections for the purposes of case planning and internal research  
71.3 for preprobation, probation, and postprobation employment tracking of offenders sentenced  
71.4 to probation and preconfinement and postconfinement employment tracking of committed  
71.5 offenders;

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

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

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

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

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

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

71.24 Sec. 17. EFFECTIVE DATE.

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

71.26 **ARTICLE 10**

71.27 **PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES; CORRECTION**  
71.28 **OF ERRORS**

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

71.30 Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive  
71.31 director shall determine the funding requirements of each ~~monthly benefit~~ fire department

72.1 account in the ~~statewide volunteer firefighter~~ monthly division of the defined benefit plan  
 72.2 on or before August 1.

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

72.5 (1) the most recent actuarial valuation normal cost, administrative expense, including  
 72.6 the cost of a regular actuarial valuation, and amortization results for the account determined  
 72.7 by the approved actuary retained by the retirement association under sections 356.215 and  
 72.8 356.216; and

72.9 (2) the standards for actuarial work, utilizing a six percent investment return actuarial  
 72.10 assumption ~~and~~ <sub>2</sub> other actuarial assumptions approved under section 356.215, subdivision  
 72.11 18~~;~~, and the amortization periods specified in section 356.215, subdivision 11.

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

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

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

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

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

72.32 (d) The required contribution calculated in paragraph (c) must be paid to the plan on or  
 72.33 before December 31 of the year for which it was calculated. If the contribution is not received

73.1 by the plan by December 31, it is payable with interest at an annual compound rate of six  
 73.2 percent from the date due until the date payment is received by the plan. If the entity does  
 73.3 not pay the full amount of the required contribution, the executive director shall collect the  
 73.4 unpaid amount under section 353.28, subdivision 6.

73.5 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 73.6 the amendment to paragraph (b), clause (2), is effective beginning with actuarial valuations  
 73.7 on or after July 1, 2025.

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

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

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

73.19 (c) "Approved actuary" means:

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

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

73.23 (d) "Entry age actuarial cost method" means an actuarial cost method under which the  
 73.24 actuarial present value of the projected benefits of each individual currently covered by the  
 73.25 benefit plan and included in the actuarial valuation is allocated on a level basis over the  
 73.26 service of the individual, if the benefit plan is governed by section 424A.093, or over the  
 73.27 earnings of the individual, if the benefit plan is governed by any other law, between the  
 73.28 entry age and the assumed exit age, with the portion of the actuarial present value which is  
 73.29 allocated to the valuation year to be the normal cost and the portion of the actuarial present  
 73.30 value not provided for at the valuation date by the actuarial present value of future normal  
 73.31 costs to be the actuarial accrued liability, with aggregation in the calculation process to be  
 73.32 the sum of the calculated result for each covered individual and with recognition given to  
 73.33 any different benefit formulas which may apply to various periods of service.

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

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

74.5 (1) 20 percent of the difference between the actual net change in the market value of  
74.6 total assets between the June 30 that occurred three years earlier and the June 30 that occurred  
74.7 four years earlier and the computed increase in the market value of total assets over that  
74.8 fiscal year period if the assets had earned a rate of return on assets equal to the annual  
74.9 percentage investment return assumption used in the actuarial valuation for the July 1 that  
74.10 occurred four years earlier;

74.11 (2) 40 percent of the difference between the actual net change in the market value of  
74.12 total assets between the June 30 that occurred two years earlier and the June 30 that occurred  
74.13 three years earlier and the computed increase in the market value of total assets over that  
74.14 fiscal year period if the assets had earned a rate of return on assets equal to the annual  
74.15 percentage investment return assumption used in the actuarial valuation for the July 1 that  
74.16 occurred three years earlier;

74.17 (3) 60 percent of the difference between the actual net change in the market value of  
74.18 total assets between the June 30 that occurred one year earlier and the June 30 that occurred  
74.19 two years earlier and the computed increase in the market value of total assets over that  
74.20 fiscal year period if the assets had earned a rate of return on assets equal to the annual  
74.21 percentage investment return assumption used in the actuarial valuation for the July 1 that  
74.22 occurred two years earlier; and

74.23 (4) 80 percent of the difference between the actual net change in the market value of  
74.24 total assets between the most recent June 30 and the June 30 that occurred one year earlier  
74.25 and the computed increase in the market value of total assets over that fiscal year period if  
74.26 the assets had earned a rate of return on assets equal to the annual percentage investment  
74.27 return assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

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

74.31 ~~(h) "Pension benefit obligation" means the actuarial present value of credited projected~~  
74.32 ~~benefits, determined as the actuarial present value of benefits estimated to be payable in the~~  
74.33 ~~future as a result of employee service attributing an equal benefit amount, including the~~

75.1 ~~effect of projected salary increases and any step rate benefit accrual rate differences, to each~~  
75.2 ~~year of credited and expected future employee service.~~

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

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

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

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

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

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

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

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

75.21		investment return
75.22	plan	assumption
75.23	general state employees retirement plan	7%
75.24	correctional state employees retirement plan	7
75.25	State Patrol retirement plan	7
75.26	legislators retirement plan, and for the	0
75.27	constitutional officers calculation of total plan	
75.28	liabilities	
75.29	judges retirement plan	7
75.30	general public employees retirement plan	7
75.31	public employees police and fire retirement plan	7
75.32	local government correctional service retirement	7
75.33	plan	
75.34	teachers retirement plan	7

76.1	St. Paul teachers retirement plan	7
76.2	Bloomington Fire Department Relief Association	6
76.3	local monthly benefit volunteer firefighter relief	5
76.4	associations	
76.5	monthly benefit retirement plans in the statewide	6
76.6	volunteer firefighter retirement plan	

76.7 (b) The actuarial valuation for each of the covered retirement plans listed in section  
 76.8 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take  
 76.9 into account the postretirement adjustment rate or rates applicable to the plan as specified  
 76.10 in section 354A.29, subdivision 7, or 356.415, whichever applies.

76.11 (c) The actuarial valuation must use the applicable salary increase and payroll growth  
 76.12 assumptions found in the appendix to the standards for actuarial work ~~adopted by the~~  
 76.13 ~~Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision~~  
 76.14 ~~10~~. The appendix must be updated whenever new assumptions have been approved or  
 76.15 deemed approved under subdivision 18.

76.16 (d) The assumptions set forth in the appendix to the standards for actuarial work continue  
 76.17 to apply, unless a different salary assumption or a different payroll increase assumption:

76.18 (1) has been proposed by the governing board of the applicable retirement plan;

76.19 (2) is accompanied by the concurring recommendation of the actuary retained under  
 76.20 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most  
 76.21 recent actuarial valuation report if section 356.214 does not apply; and

76.22 (3) has been approved or deemed approved under subdivision 18.

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

76.24 Sec. 5. Minnesota Statutes 2024, section 356.215, subdivision 11, is amended to read:

76.25 Subd. 11. **Amortization contributions.** (a) ~~In addition to the exhibit indicating the level~~  
 76.26 ~~normal cost,~~ The actuarial valuation of the retirement each pension plan listed in subdivision  
 76.27 8, paragraph (a), other than the legislators retirement plan, the Bloomington Fire Department  
 76.28 Relief Association, and the local monthly benefit volunteer firefighter relief associations,  
 76.29 must contain an exhibit ~~for financial reporting purposes~~ indicating the additional annual  
 76.30 contribution sufficient to amortize on a level percent of payroll basis the unfunded actuarial  
 76.31 accrued liability ~~and must contain an exhibit indicating the additional contribution sufficient~~  
 76.32 ~~to amortize the unfunded actuarial accrued liability. For the retirement plans listed in~~  
 76.33 ~~subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington~~

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

77.10 (1) experience gain or loss: 15 years;

77.11 (2) assumption or method change: 20 years;

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

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

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

77.16 (6) an annual contribution that is more or less than the actuarially determined contribution:  
 77.17 15 years.

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

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

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

77.23 (3) except that, for the State Patrol retirement plan, the public employees police and fire  
 77.24 retirement plan, and the Teachers Retirement Association, the unfunded actuarial accrued  
 77.25 liability resulting from benefit increases enacted in 2025 must be amortized over a period  
 77.26 that ends June 30, 2048.

77.27 ~~(b) This paragraph applies only if the calculation under this paragraph for a retirement~~  
 77.28 ~~plan results in an established date for full funding that is earlier than the established date~~  
 77.29 ~~for full funding applicable to the retirement plan under paragraph (c). For any retirement~~  
 77.30 ~~plan, if there has been a change in any or all of the actuarial assumptions used for calculating~~  
 77.31 ~~the actuarial accrued liability of the fund, a change in the benefit plan governing annuities~~  
 77.32 ~~and benefits payable from the fund, a change in the actuarial cost method used in calculating~~

78.1 ~~the actuarial accrued liability of all or a portion of the fund, or a combination of the three,~~  
78.2 ~~and the change or changes, by itself or by themselves and without inclusion of any other~~  
78.3 ~~items of increase or decrease, produce a net increase in the unfunded actuarial accrued~~  
78.4 ~~liability in the fund, the established date for full funding must be determined using the~~  
78.5 ~~following procedure:~~

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

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

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

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

78.23 ~~(v) the level annual dollar or level percentage amortization contribution under item (iv)~~  
78.24 ~~must be added to the level annual dollar amortization contribution or level percentage~~  
78.25 ~~calculated under item (ii);~~

78.26 ~~(vi) the period in which the unfunded actuarial accrued liability amount determined in~~  
78.27 ~~item (iii) is amortized by the total level annual dollar or level percentage amortization~~  
78.28 ~~contribution computed under item (v) must be calculated using the investment return~~  
78.29 ~~assumption specified in subdivision 8 in effect after any applicable change, rounded to the~~  
78.30 ~~nearest integral number of years, but not to exceed 30 years from the end of the plan year~~  
78.31 ~~in which the determination of the established date for full funding using the procedure set~~  
78.32 ~~forth in this clause is made and not to be less than the period of years beginning in the plan~~  
78.33 ~~year in which the determination of the established date for full funding using the procedure~~

79.1 ~~set forth in this clause is made and ending by the date for full funding in effect before the~~  
 79.2 ~~change; and~~

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

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

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

79.10 ~~(ii) for the Teachers Retirement Association, the established date for full funding is June~~  
 79.11 ~~30, 2048;~~

79.12 ~~(iii) for the correctional state employees retirement plan and the State Patrol retirement~~  
 79.13 ~~plan of the Minnesota State Retirement System, the established date for full funding is June~~  
 79.14 ~~30, 2048;~~

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

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

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

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

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

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

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

80.2 Subd. 17. **Actuarial services by approved actuaries.** (a) The actuarial valuation or  
80.3 quadrennial experience study must be made and any actuarial consulting services for a  
80.4 retirement fund or plan must be provided by an approved actuary. The actuarial valuation  
80.5 or quadrennial experience study must include a signed written declaration that it has been  
80.6 prepared according to sections 356.20 to 356.23 and according to the ~~most recent~~ standards  
80.7 for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

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

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

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

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

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

80.24 (1) make distributions;

80.25 (2) transfer assets;

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

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

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

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

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

81.3 Subd. 3. **Annual report.** (a) The executive director of each pension fund must submit  
 81.4 a report annually, no later than each February 1, to the chair and executive director of the  
 81.5 Legislative Commission on Pensions and Retirement ~~on whether the executive director of~~  
 81.6 ~~the pension fund corrected any operational, demographic, employer or employee eligibility,~~  
 81.7 no later than each February 1. The report must describe each error or plan document error  
 81.8 corrected under subdivision 2 during the preceding calendar year, other than:

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

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

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

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

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

## 81.18 **ARTICLE 11**

### 81.19 **PUBLIC SAFETY BENEFIT INCREASES**

81.20 Section 1. Minnesota Statutes 2024, section 356.415, subdivision 1c, is amended to read:

81.21 Subd. 1c. **Annual postretirement adjustments; ~~PERA-police~~ public employees police**  
 81.22 **and fire retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit  
 81.23 recipients of the public employees police and fire retirement plan are entitled to an annual  
 81.24 postretirement adjustment, effective as of each January 1, as follows:

81.25 (1) for each annuitant or benefit recipient who will have been receiving an annuity or  
 81.26 benefit for at least ~~36~~ 24 full months as of the immediate preceding June 30, a postretirement  
 81.27 increase of one percent must be applied each year to the amount of the monthly annuity or  
 81.28 benefit of the annuitant or benefit recipient; or

81.29 (2) for each annuitant or benefit recipient who has been receiving the annuity or benefit  
 81.30 for at least ~~25~~ 13 full months, but less than ~~36~~ 24 months as of the immediate preceding  
 81.31 June 30, a postretirement increase of 1/12 of one percent for each full month that the person

82.1 has been receiving an annuity or benefit during the fiscal year in which the annuity or benefit  
 82.2 was effective must be applied each year to the amount of the monthly annuity or benefit of  
 82.3 the annuitant or benefit recipient.

82.4 (b) An increase in annuity or benefit payments under this section must be made  
 82.5 automatically unless written notice is filed by the annuitant or benefit recipient with the  
 82.6 executive director of the Public Employees Retirement Association requesting that the  
 82.7 increase not be made.

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

82.10 Sec. 2. Minnesota Statutes 2024, section 356.415, subdivision 1e, is amended to read:

82.11 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)  
 82.12 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol  
 82.13 retirement plan are entitled to an annual postretirement adjustment, effective as of each  
 82.14 January 1, as follows:

82.15 (1) a postretirement increase of ~~one~~ 1.25 percent must be applied each year to the monthly  
 82.16 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity  
 82.17 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately  
 82.18 before the adjustment; and

82.19 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
 82.20 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
 82.21 year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~one~~  
 82.22 1.25 percent for each month that the person has been receiving an annuity or benefit must  
 82.23 be applied to the amount of the monthly annuity or benefit of each annuitant or benefit  
 82.24 recipient.

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

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

83.1 **Sec. 3. POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2026.**

83.2 (a) Notwithstanding Minnesota Statutes, section 356.415, subdivision 1c, the  
 83.3 postretirement adjustment for the year beginning January 1, 2026, and ending December  
 83.4 31, 2026, is three percent for eligible recipients of a retirement annuity, disability benefit,  
 83.5 or survivor benefit from the public employees police and fire retirement plan.

83.6 (b) A recipient is an eligible recipient if:

83.7 (1) the recipient's annuity or benefit is attributable to service as a member of the public  
 83.8 employees police and fire plan; and

83.9 (2) the recipient has received monthly benefits for at least 12 full months as of December  
 83.10 31, 2025.

83.11 **EFFECTIVE DATE.** This section is effective for the postretirement adjustment on  
 83.12 January 1, 2026.

83.13 **ARTICLE 12**

83.14 **DIRECT STATE AID FOR PUBLIC SAFETY PLANS**

83.15 **Section 1. [352B.251] DIRECT STATE AID.**

83.16 Subdivision 1. **Aid.** The commissioner of management and budget must transfer  
 83.17 \$2,300,000 annually from the general fund to the State Patrol retirement fund on or before  
 83.18 October 1, 2025, and October 1 of each year thereafter.

83.19 Subd. 2. **Aid expiration.** The aid under subdivision 1 expires July 1, 2048.

83.20 **Sec. 2.** Minnesota Statutes 2024, section 353.65, subdivision 3b, is amended to read:

83.21 **Subd. 3b. **Direct state aid.**** (a) The state must pay \$4,500,000 on October 1, 2018, and  
 83.22 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of  
 83.23 each year after 2019, the state must pay \$9,000,000 to the public employees police and fire  
 83.24 retirement plan.

83.25 (b) By October 1 of each year after 2024, the state must pay \$17,700,000 to the public  
 83.26 employees police and fire retirement plan.

83.27 (c) The commissioner of management and budget must pay the aid specified in this  
 83.28 subdivision. The amount required is annually appropriated from the general fund to the  
 83.29 commissioner of management and budget.

83.30 ~~(b)~~ (d) The aid under paragraph (a) continues until the earlier of:

84.1 (1) the first day of the fiscal year following three consecutive fiscal years in which, for  
 84.2 each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of  
 84.3 the actuarial accrued liabilities as reported by the actuary retained under section 356.214  
 84.4 in the annual actuarial valuation prepared under section 356.215; or

84.5 (2) July 1, 2048.

84.6 (e) The aid under paragraph (b) expires July 1, 2048.

84.7 Sec. 3. EFFECTIVE DATE.

84.8 Sections 1 and 2 are effective the day following final enactment.

### 84.9 ARTICLE 13

### 84.10 TEACHER RETIREMENT ASSOCIATION BENEFIT INCREASES

84.11 Section 1. Minnesota Statutes 2024, section 126C.10, subdivision 37, is amended to read:

84.12 Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment  
 84.13 revenue equals the sum of:

84.14 (1) the greater of zero or the product of:

84.15 (i) the difference between the district's adjustment under Minnesota Statutes 2012, section  
 84.16 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average  
 84.17 adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year  
 84.18 2014 per adjusted pupil unit; and

84.19 (ii) the district's adjusted pupil units for the fiscal year; and

84.20 (2) the product of the salaries paid to district employees who were members of the  
 84.21 Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association  
 84.22 for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The  
 84.23 pension adjustment rate for Independent School District No. 625, St. Paul, equals 2.3 percent  
 84.24 for fiscal year 2023, 2.5 percent for fiscal year 2024 and fiscal year 2025, and 3.25 percent  
 84.25 for fiscal year 2026 and later. The pension adjustment rate for all other districts equals ~~1.05~~  
 84.26 ~~percent for fiscal year 2023, 1.25 percent for fiscal year 2024 and fiscal year 2025; and 2.0~~  
 84.27 2.31 percent for fiscal year 2026 and later.

84.28 (b) For fiscal year 2025, the state total pension adjustment revenue under paragraph (a),  
 84.29 clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal  
 84.30 year 2024. The commissioner must prorate the pension adjustment revenue under paragraph  
 84.31 (a), clause (2), so as not to exceed the maximum.

85.1 (c) For fiscal year 2026 and fiscal year 2027, the state total pension adjustment revenue  
85.2 under paragraph (a), clause (2), must not be prorated.

85.3 (d) For fiscal year 2028 and later, the state total pension adjustment revenue under  
85.4 paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause  
85.5 (2), for fiscal year 2027. The commissioner must prorate the pension adjustment revenue  
85.6 under paragraph (a), clause (2), so as not to exceed the maximum.

85.7 (e) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in  
85.8 section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph  
85.9 (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be  
85.10 paid to the cooperative unit.

85.11 **EFFECTIVE DATE.** This section is effective for revenue in fiscal years 2026 and later.

85.12 Sec. 2. Minnesota Statutes 2024, section 354.42, subdivision 3, is amended to read:

85.13 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School  
85.14 District No. 1, Minneapolis, is an amount equal to the applicable following percentage of  
85.15 salary of each coordinated member and the applicable percentage of salary of each basic  
85.16 member specified in paragraph (c).

85.17 The additional employer contribution to the fund by Special School District No. 1,  
85.18 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a  
85.19 coordinated member or who is a basic member.

85.20 (b) The regular employer contribution to the fund by Independent School District No.  
85.21 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or  
85.22 new law coordinated member specified for the coordinated program in paragraph (c).

85.23 (c) The employer contribution to the fund for every other employer is an amount equal  
85.24 to ~~the applicable following percentage~~ 9.81 percent of the salary of each coordinated member  
85.25 and ~~the applicable following percentage~~ 13.81 percent of the salary of each basic member.

85.26	Period	Coordinated Member	Basic Member
85.27	<del>from July 1, 2022, through June 30, 2023</del>	<del>8.55 percent</del>	<del>12.55 percent</del>
85.28	<del>from July 1, 2023, through June 30, 2025</del>	<del>8.75 percent</del>	<del>12.75 percent</del>
85.29	after June 30, 2025	9.5 percent	13.5 percent

85.30 (d) When an employer contribution rate changes for a fiscal year, the new contribution  
85.31 rate is effective for the entire salary paid for each employer unit with the first payroll cycle  
85.32 reported.

86.1 **EFFECTIVE DATE.** This section is effective June 30, 2025.

86.2 Sec. 3. Minnesota Statutes 2024, section 354.44, subdivision 6, is amended to read:

86.3 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula  
86.4 retirement annuity must be computed in accordance with the applicable provisions of the  
86.5 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under  
86.6 section 354.05, subdivision 13a, for the period of the member's formula service credit.

86.7 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first  
86.8 became a member of the association or a member of a pension fund listed in section 356.30,  
86.9 subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e),  
86.10 produces a higher annuity amount, in which case paragraph (d) applies. The average salary  
86.11 as defined in section 354.05, subdivision 13a, multiplied by the following percentages per  
86.12 year of formula service credit shall determine the amount of the annuity to which the member  
86.13 qualifying therefor is entitled for service rendered before July 1, 2006:

86.14	Period	Coordinated Member	Basic Member
86.15	Each year of service	1.2 percent per year	2.2 percent per year
86.16	during first ten		
86.17	Each year of service	1.7 percent per year	2.7 percent per year
86.18	thereafter		

86.19 For service rendered on or after July 1, 2006, by a member other than a member who  
86.20 was a member of the former Duluth Teachers Retirement Fund Association between January  
86.21 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member  
86.22 who was a member of the former Duluth Teachers Retirement Fund Association between  
86.23 January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05,  
86.24 subdivision 13a, multiplied by the following percentages per year of service credit, determines  
86.25 the amount the annuity to which the member qualifying therefor is entitled:

86.26	Period	Coordinated Member	Basic Member
86.27	Each year of service	1.4 percent per year	2.2 percent per year
86.28	during first ten		
86.29	Each year of service after	1.9 percent per year	2.7 percent per year
86.30	ten years of service		

86.31 (c)(1) This paragraph applies only to a person who first became a member of the  
86.32 association or a member of a pension fund listed in section 356.30, subdivision 3, before  
86.33 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction  
86.34 with this paragraph than when calculated under paragraph (d), in conjunction with paragraph  
86.35 (e).

87.1 (2) Where any member retires prior to normal retirement age under a formula annuity,  
87.2 the member shall be paid a retirement annuity in an amount equal to the normal annuity  
87.3 provided in paragraph (b) reduced by one-quarter of one percent for each month that the  
87.4 member is under normal retirement age at the time of retirement except that for any member  
87.5 who has 30 or more years of allowable service credit, the reduction shall be applied only  
87.6 for each month that the member is under age 62.

87.7 (3) Any member whose attained age plus credited allowable service totals 90 years is  
87.8 entitled, upon application, to a retirement annuity in an amount equal to the normal annuity  
87.9 provided in paragraph (b), without any reduction by reason of early retirement.

87.10 (d) This paragraph applies to a member who has become at least 55 years old and first  
87.11 became a member of the association after June 30, 1989, and to any other member who has  
87.12 become at least 55 years old and whose annuity amount when calculated under this paragraph  
87.13 and in conjunction with paragraph (e), is higher than it is when calculated under paragraph  
87.14 (b), in conjunction with paragraph (c).

87.15 (1) For a basic member, the average salary, as defined in section 354.05, subdivision  
87.16 13a, multiplied by 2.7 percent for each year of service for a basic member determines the  
87.17 amount of the retirement annuity to which the basic member is entitled. The annuity of a  
87.18 basic member who was a member of the former Minneapolis Teachers Retirement Fund  
87.19 Association as of June 30, 2006, must be determined according to the annuity formula under  
87.20 the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association  
87.21 in effect as of that date.

87.22 (2) For a coordinated member, the average salary, as defined in section 354.05,  
87.23 subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1,  
87.24 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a  
87.25 member other than a member who was a member of the former Duluth Teachers Retirement  
87.26 Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each  
87.27 year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers  
87.28 Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the  
87.29 amount of the retirement annuity to which the coordinated member is entitled.

87.30 (e) This paragraph applies to a person who has become at least 55 years old and first  
87.31 becomes a member of the association after June 30, 1989, and to any other member who  
87.32 has become at least 55 years old and whose annuity is higher when calculated under  
87.33 paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b)  
87.34 in conjunction with paragraph (c). An employee who retires under the formula annuity

88.1 before the normal retirement age is entitled to receive ~~the normal~~ an annuity ~~provided in~~  
88.2 ~~paragraph (d), reduced as described in~~ under clause (1) or (2), as applicable.

88.3 (1) For a member who is at least age ~~62~~ 60 and has at least 30 years of service, the  
88.4 annuity ~~shall be~~ is the normal annuity provided in paragraph (d) reduced by an early reduction  
88.5 factor of ~~six~~ five percent for each year that the member's age of retirement precedes the  
88.6 normal retirement age. The resulting reduced annuity shall be further adjusted to take into  
88.7 account the increase in the monthly amount that would have occurred had the member  
88.8 retired early and deferred receipt of the annuity until normal retirement age and the annuity  
88.9 was augmented during the deferral period at 2.5 percent, if the member commenced  
88.10 employment after June 30, 2006, or at three percent, if the member commenced employment  
88.11 before July 1, 2006, compounded annually.

88.12 (2) For a member who has not attained age ~~62~~ 60 or has fewer than 30 years of service,  
88.13 the annuity ~~shall be~~ is the normal annuity provided in paragraph (d) reduced for each year  
88.14 that the member's age of retirement precedes normal retirement age by the following early  
88.15 reduction factors:

88.16 (i) for the period during which the member is age 55 through age 58, the factor is four  
88.17 percent; and

88.18 (ii) for the period during which the member is at least age 59 but not yet normal retirement  
88.19 age, the factor is seven percent.

88.20 The resulting annuity shall be further adjusted to take into account the increase in the  
88.21 monthly amount that would have occurred had the member retired early and deferred receipt  
88.22 of the annuity until normal retirement age and the annuity was augmented during the deferral  
88.23 period at the applicable annual rate, compounded annually. The applicable annual rate is  
88.24 the rate in effect for the month that includes the member's effective date of retirement and  
88.25 ~~shall~~ must be considered as fixed for the member for the period until the member reaches  
88.26 normal retirement age. The applicable annual rate for June 2019 is 2.5 percent, if the member  
88.27 commenced employment after June 30, 2006, or three percent, if the member commenced  
88.28 employment before July 1, 2006, compounded annually, and decreases each month beginning  
88.29 July 2019 in equal monthly increments over the five-year period that begins July 1, 2019,  
88.30 and ends June 30, 2024, to zero percent effective for July 2024 and thereafter.

88.31 After June 30, 2024, the reduced annuity commencing before normal retirement age  
88.32 under this clause shall not take into account any augmentation.

88.33 (f) No retirement annuity is payable to a former employee with a salary that exceeds 95  
88.34 percent of the governor's salary unless and until the salary figures used in computing the

89.1 highest five successive years average salary under paragraph (a) have been audited by the  
 89.2 Teachers Retirement Association and determined by the executive director to comply with  
 89.3 the requirements and limitations of section 354.05, subdivisions 35 and 35a.

89.4 **EFFECTIVE DATE.** This section is effective June 30, 2025.

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

89.6 Subd. 1d. **Annual postretirement adjustments; Teachers Retirement Association**  
 89.7 **annual postretirement adjustments.** (a) Except as set forth in paragraph (d), recipients of  
 89.8 a retirement annuity, disability benefit, or survivor benefit from the Teachers Retirement  
 89.9 Association are entitled to an annual postretirement adjustment, effective as of each January  
 89.10 1, as follows:

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

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

89.21 ~~(3) effective January 1, 2024, and thereafter,~~ (1) a postretirement increase must be applied  
 89.22 each year to the amount of the monthly annuity or benefit of each annuitant or benefit  
 89.23 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the  
 89.24 June 30 of the calendar year immediately before the adjustment, at the following rates:

89.25	from January 1, 2024, through December 31, 2024	1.1 percent
89.26	from January 1, 2025, through December 31, 2025	1.2 percent
89.27	from January 1, 2026, through December 31, 2026	1.3 percent
89.28	from January 1, 2027, through December 31, 2027	1.4 percent
89.29	from January 1, 2028, and thereafter	1.5 percent

89.30 ~~(4) effective January 1, 2024, and thereafter,~~ (2) for each annuitant or benefit recipient  
 89.31 who has been receiving an annuity or a benefit for at least one full month, but less than 12  
 89.32 full months, as of the June 30 of the calendar year immediately before the adjustment, an  
 89.33 annual postretirement increase of 1/12 of the applicable percentage for each month that the

90.1 person has been receiving an annuity or benefit must be applied to the amount of the monthly  
 90.2 annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the  
 90.3 following:

90.4	from January 1, 2024, through December 31, 2024	1.1 percent
90.5	from January 1, 2025, through December 31, 2025	1.2 percent
90.6	from January 1, 2026, through December 31, 2026	1.3 percent
90.7	from January 1, 2027, through December 31, 2027	1.4 percent
90.8	from January 1, 2028, and thereafter	1.5 percent

90.9 (b) An increase in annuity or benefit payments under this section must be made  
 90.10 automatically unless written notice is filed by the annuitant or benefit recipient with the  
 90.11 executive director of the Teachers Retirement Association requesting that the increase not  
 90.12 be made.

90.13 (c) The retirement annuity payable to a person who retires before becoming eligible for  
 90.14 Social Security benefits and who has elected the optional payment as provided in section  
 90.15 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement  
 90.16 annuity for the purposes of any postretirement adjustment. The period-certain retirement  
 90.17 annuity plus the life retirement annuity must be the annuity amount payable until age 62,  
 90.18 65, or normal retirement age, as selected by the member at retirement, for an annuity amount  
 90.19 payable under section 354.35. A postretirement adjustment granted on the period-certain  
 90.20 retirement annuity must terminate when the period-certain retirement annuity terminates.

90.21 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement  
 90.22 adjustment of the member's retirement annuity, effective as of each January 1, beginning  
 90.23 with the year following the year in which the member attains normal retirement age, as  
 90.24 follows:

90.25 (1) if a member has been receiving an annuity for at least 12 full months as of the June  
 90.26 30 of the calendar year immediately before the date of the adjustment, a postretirement  
 90.27 increase equal to the percentage specified in paragraph (a), clause ~~(3)~~ (1), must be applied,  
 90.28 effective on January 1, to the amount of the member's monthly annuity;

90.29 (2) if a member has been receiving an annuity for at least one full month, but less than  
 90.30 12 full months as of the June 30 of the calendar year immediately before the date of  
 90.31 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in  
 90.32 paragraph (a), clause ~~(4)~~ (2), for each month that the member has been receiving an annuity  
 90.33 must be applied, effective on January 1, to the amount of the member's monthly annuity;  
 90.34 or

91.1 (3) if a member has been receiving an annuity for fewer than seven months as of the  
 91.2 January 1 of the year following the year in which the member attains normal retirement  
 91.3 age, a postretirement adjustment shall be applied effective as of the next January 1. The  
 91.4 amount of the adjustment shall be determined under clause (2).

91.5 ~~(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision~~  
 91.6 ~~6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at~~  
 91.7 ~~least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f),~~  
 91.8 ~~as applicable.~~

91.9 **EFFECTIVE DATE.** This section is effective June 30, 2025.

## 91.10 **ARTICLE 14**

### 91.11 **APPROPRIATIONS FOR TEACHERS RETIREMENT ASSOCIATION**

91.12 Section 1. **APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.**

91.13 (a) \$4,000 in fiscal year 2026 and \$4,000 in fiscal year 2027 are appropriated from the  
 91.14 general fund to the Department of Education for increased employer pension contributions  
 91.15 to the Teachers Retirement Association.

91.16 (b) \$17,000 in fiscal year 2026 and \$17,000 in fiscal year 2027 are appropriated from  
 91.17 the general fund to the Minnesota State Academies for increased employer pension  
 91.18 contributions to the Teachers Retirement Association.

91.19 (c) \$5,000 in fiscal year 2026 and \$5,000 in fiscal year 2027 are appropriated from the  
 91.20 general fund to the Perpich Center for the Arts for increased employer pension contributions  
 91.21 to the Teachers Retirement Association.

91.22 (d) \$543,000 in fiscal year 2026 and \$543,000 in fiscal year 2027 are appropriated from  
 91.23 the general fund to the Board of Trustees of the Minnesota State Colleges and Universities  
 91.24 for increased employer pension contributions to the Teachers Retirement Association.

91.25 Sec. 2. **EDUCATION APPROPRIATIONS.**

91.26 Subdivision 1. **Department of Education.** The sums indicated are appropriated from  
 91.27 the general fund to the Department of Education for the fiscal years designated. These sums  
 91.28 are in addition to appropriations made for the same purpose in any other law.

91.29 Subd. 2. **General education aid.** For general education aid under Minnesota Statutes,  
 91.30 section 126C.13, subdivision 4:



93.1 (1) a notice that the person may petition for a review of the determination by requesting  
 93.2 that a contested case be initiated before the Office of Administrative Hearings, the cost of  
 93.3 which must be borne by the peace officer or firefighter and the employer; and

93.4 ~~(3)~~ (2) a statement that any person who does not petition for a review within 60 days is  
 93.5 precluded from contesting issues determined by the executive director in any other  
 93.6 administrative review or court procedure.

93.7 If, prior to the contested case hearing, additional information is provided to support the  
 93.8 claim for duty disability as defined in section 352B.011, subdivision 7, ~~or 353.01, subdivision~~  
 93.9 ~~41, whichever applies~~, the executive director may reverse the determination without the  
 93.10 requested hearing. If a hearing is held before the Office of Administrative Hearings, the  
 93.11 determination rendered by the judge conducting the fact-finding hearing is a final decision  
 93.12 and order under section 14.62, subdivision 2a, and is binding on the applicable executive  
 93.13 director, the peace officer or firefighter, employer, and state. Review of a final determination  
 93.14 made by the Office of Administrative Hearings under this section may only be obtained by  
 93.15 writ of certiorari to the Minnesota Court of Appeals under sections 14.63 to 14.68. Only  
 93.16 the peace officer or firefighter, employer, and state have standing to participate in a judicial  
 93.17 review of the decision of the Office of Administrative Hearings.

93.18 (c) The officer's or firefighter's employer ~~shall~~ must continue to provide health coverage  
 93.19 and pay for the coverage as required by paragraphs (d) to (g) for:

93.20 (1) the officer or firefighter; and

93.21 (2) the officer's or firefighter's dependents if the officer or firefighter was receiving  
 93.22 dependent coverage at the time of the injury under the employer's group health plan.

93.23 (d) For an officer or firefighter who has applied for or been approved to receive benefits  
 93.24 under section 353.656 prior to the date of enactment or an officer or firefighter who applies  
 93.25 for and is approved for total and permanent duty disability benefits under section 353.656,  
 93.26 subdivision 1a, the employer is responsible for the continued payment of the employer's  
 93.27 contribution for health coverage of the officer or firefighter and, if applicable, the officer's  
 93.28 or firefighter's dependents. Coverage must continue for the officer or firefighter and, if  
 93.29 applicable, the officer's or firefighter's dependents until the officer or firefighter reaches  
 93.30 age 65 or, if deceased, would have reached age 65.

93.31 (e) For an officer or firefighter approved to receive benefits under section 353.656 on  
 93.32 or after the date of enactment and who is not approved for total and permanent duty disability  
 93.33 benefits under section 353.656, subdivision 1a, the employer is responsible for the continued

94.1 payment of the employer's contribution for health coverage of the officer or firefighter and,  
 94.2 if applicable, the officer's or firefighter's dependents. Coverage must continue:

94.3 (1) for the officer or firefighter for a period of 60 months or, if earlier, until the officer  
 94.4 or firefighter reaches age 65; and

94.5 (2) for the officer's or firefighter's dependents for a period of 60 months.

94.6 (f) For an officer or firefighter who has applied for or been approved to receive benefits  
 94.7 under section 352B.10, subdivision 1, the employer is responsible for the continued payment  
 94.8 of the employer's contribution for health coverage of the officer or firefighter and, if  
 94.9 applicable, the officer's or firefighter's dependents. Coverage must continue for the officer  
 94.10 or firefighter and, if applicable, the officer's or firefighter's dependents until the officer or  
 94.11 firefighter reaches age 65 or, if deceased, would have reached age 65.

94.12 ~~(d) The employer is responsible for the continued payment of the employer's contribution~~  
 94.13 ~~for coverage of the officer or firefighter and, if applicable, the officer's or firefighter's~~  
 94.14 ~~dependents. Coverage must continue for the officer or firefighter and, if applicable, the~~  
 94.15 ~~officer's or firefighter's dependents until the officer or firefighter reaches or, if deceased,~~  
 94.16 ~~would have reached the age of 65. However, (g) The employer is not required to continue~~  
 94.17 ~~health coverage for dependents does not have to be continued after the person is no longer~~  
 94.18 ~~a dependent.~~

94.19 (h) An officer or firefighter who has applied for or been approved to receive benefits  
 94.20 under section 353.656 may affirmatively waive health coverage under this section but must  
 94.21 not receive any payment or other consideration from the employer in exchange for waiver  
 94.22 of the coverage. Any agreement entered into between an officer or firefighter who has  
 94.23 applied for or been approved to receive benefits under section 353.656 and the officer's or  
 94.24 firefighter's employer or the employer's agent providing for compensation for a waiver of  
 94.25 coverage under this section is void. Nothing in this subdivision shall be construed to render  
 94.26 void any agreement entered into prior to the date of enactment.

94.27 (i) Once a duty disability determination is made pursuant to section 353.656, the employer  
 94.28 has no right to challenge and is prohibited from challenging the continuation and payment  
 94.29 of health coverage under this section.

94.30 Sec. 2. Minnesota Statutes 2024, section 353.032, subdivision 3, is amended to read:

94.31 Subd. 3. **Approval.** (a) An employee who applies for treatment of a psychological  
 94.32 condition that was a result of the performance of duties related to the occupation and cannot  
 94.33 perform the normal duties of the position held by the employee on the date of injury, event,

95.1 or onset of mental illness must receive approval from the executive director for psychological  
 95.2 treatment as provided under this subdivision.

95.3 ~~(b)~~ The executive director shall grant approval to an employee who submits, in the form  
 95.4 and manner specified by the executive director, an application that includes:

95.5 (1) a report by a mental health professional diagnosing the employee with a mental  
 95.6 illness and finding that the employee is currently unable to perform the normal duties of  
 95.7 the position held by the employee on the date of the injury, event, or onset of the mental  
 95.8 illness on a full- or part-time basis; and

95.9 (2) ~~documentation from the employer certifying the dates the employee was on duty in~~  
 95.10 ~~a position covered under the police and fire plan~~ proof that a first report of injury was filed  
 95.11 by the employee with the employer.

95.12 (b) An employee is eligible for treatment of a psychological condition under subdivision  
 95.13 4, paragraph (a), while maintaining full-time or part-time work for the employer when the  
 95.14 mental injury was a result of the performance of the employee's occupational duties. The  
 95.15 executive director shall grant approval to the employee who submits, in the form and manner  
 95.16 specified by the executive director, an application that includes:

95.17 (1) a report by a mental health professional diagnosing the employee with a mental  
 95.18 illness that was a result of the performance of the employee's occupational duties and  
 95.19 determining that the employee is medically able to continuing working full-time or part-time  
 95.20 in the position held by the employee at the time of the injury, event, or onset of the mental  
 95.21 illness; and

95.22 (2) proof that a first report of injury was filed by the employee with the employer.

95.23 (c) An employee who receives approval under this subdivision is not considered disabled  
 95.24 for the purposes of a duty disability under section 353.656, subdivision 1, unless the employee  
 95.25 completes the additional requirements under this section, receives final confirmation under  
 95.26 subdivision 6, and applies for disability benefits under section 353.031 before receiving  
 95.27 duty disability benefits or related benefits.

95.28 (d) The executive director must notify an employing entity electronically and by mail  
 95.29 that an application for psychological condition treatment has been submitted by an employee  
 95.30 and request ~~the certification required under paragraph (b), clause (2), from the employing~~  
 95.31 ~~entity~~ documentation from the employer certifying the dates the employee was on duty in  
 95.32 a position covered under the police and fire plan within six business days after the application  
 95.33 has been received by the executive director.

96.1 (e) An employer shall submit the certification required under paragraph ~~(b), clause (2),~~  
96.2 (d) within five business days of receiving notice from the executive director, and the  
96.3 employee shall receive approval no later than 14 business days after the employee's  
96.4 application is received by the executive director, whether or not the employer's certification  
96.5 has been submitted. Nothing in this paragraph shall delay the treatment of the psychological  
96.6 condition of the employee.

96.7 Sec. 3. Minnesota Statutes 2024, section 353.032, subdivision 4, is amended to read:

96.8 Subd. 4. **Treatment required.** (a) Except as provided in paragraph (f), beginning when  
96.9 the application is received by the executive director, an employee who receives approval  
96.10 under subdivision 3 shall complete up to 24 consecutive weeks of active treatment modalities  
96.11 for the employee's diagnosed mental illness, as provided under this subdivision, before a  
96.12 final confirmation can be made under subdivision 6. Treatment shall be at the direction of  
96.13 a mental health professional using treatment modalities indicated for the treatment of the  
96.14 diagnosed mental illness. An employee shall not be penalized for an interruption in active,  
96.15 consecutive treatment that is not initiated by or resulting from an intentional action of the  
96.16 employee. Subject to the limit under subdivision 9, the employer shall pay for the treatment  
96.17 costs to the extent not paid for by the employee's health insurance and may seek  
96.18 reimbursement.

96.19 (b) The employee's mental health professional must assess the employee's progress in  
96.20 treatment monthly and at the end of the 24 weeks or earlier, including any change to the  
96.21 employee's ability to return to the position held by the employee on the date of the injury,  
96.22 event, or onset of the mental illness, or to another position with the employer which provides  
96.23 salary and employer-provided benefits, including pension benefits, that are equal to or  
96.24 greater than those for the position held by the employee on the date of the injury, event, or  
96.25 onset of the mental illness. A final confirmation under subdivision 6 must be supported by  
96.26 a report from the employee's mental health professional containing an opinion about the  
96.27 employee's prognosis, the duration of the disability, and the expectations for improvement  
96.28 following the treatment. A report that does not contain and support a finding that the  
96.29 employee's disability as a result of a psychological condition will last for at least 12 months  
96.30 must not be relied upon to support approval of duty disability benefits.

96.31 (c) The employee may ~~return to work~~ return to work full-time or part-time ~~work~~ prior to the completion  
96.32 of the 24 weeks of treatment if the employee's mental health professional determines that  
96.33 they are medically able to do so.

97.1 (d) The employee may return to light duty assignments, subject to availability of a  
97.2 position, prior to the completion of the 24 weeks of treatment, if deemed medically  
97.3 appropriate by the employee's mental health professional and with the employer's approval.

97.4 (e) A fitness for duty presumption shall apply to an employee who is cleared to return  
97.5 to work or light duty under paragraph (c) or (d), except as provided under subdivision 10.

97.6 (f) No employee shall be required to complete treatment under this subdivision more  
97.7 than three times in ten years.

97.8 Sec. 4. Minnesota Statutes 2024, section 353.032, subdivision 5, is amended to read:

97.9 Subd. 5. **Continuation of salary and benefits.** (a) Subject to subdivision 9, for the  
97.10 period that an employee is seeking psychological condition treatment approval under  
97.11 subdivision 3 or 6, beginning when the application is received by the executive director,  
97.12 appealing a determination thereof, or receiving treatment under subdivision 4 or 7, the  
97.13 employer shall continue:

97.14 (1) to pay, for a current employee only, the employee's full salary and employer-provided  
97.15 benefits, including any employer contribution to health care and retirement benefits. The  
97.16 employer must not require the employee to use accrued vacation, sick, holiday, personal  
97.17 time off or any leave benefits while the employee is receiving treatment under subdivision  
97.18 4. The employer must proportionally reduce the salary paid to an employee who is otherwise  
97.19 receiving benefits for the disability that provide compensation for all or a portion of the  
97.20 employee's salary for the same time period. Nothing in this paragraph requires an employer  
97.21 to pay more than 100 percent of the employee's salary;

97.22 (2) to provide health insurance benefits to the employee and to the employee's dependents,  
97.23 if the employee was receiving dependent coverage at the time of the injury, event, or onset  
97.24 of the mental illness under the employer's group health plan; and

97.25 (3) to provide any other employment benefits provided to the employee under the  
97.26 employee's currently applicable collective bargaining agreement.

97.27 (b) An employee shall obtain service credit for the treatment period required under  
97.28 subdivision 4 or 7.

97.29 (c) Nothing prevents an employer from providing benefits in addition to those required  
97.30 by this section or otherwise affects an employee's rights with respect to any other employment  
97.31 benefit.

98.1 (d) If an employee is unable to receive treatment through the prescribed treatment  
98.2 program due to circumstances beyond the employee's control, which includes but is not  
98.3 limited to a lack of availability of a mental health facility or a mental health professional,  
98.4 the employee shall continue to receive their regular compensation, benefits, and retirement  
98.5 service credits, until such mental health facility or mental health professional becomes  
98.6 available to the employee for their treatment program. The employer must not require the  
98.7 employee to use sick or vacation leave during this period. The continuation of salary and  
98.8 benefits allowed under this paragraph must not exceed 30 days beyond the day treatment  
98.9 is prescribed, except that continuation of benefits and salary may be extended beyond 30  
98.10 days if written documentation from the mental health facility or mental health professional  
98.11 providing the treatment start date is submitted by the employee to the executive director  
98.12 and the employer.

98.13 Sec. 5. Minnesota Statutes 2024, section 353.032, subdivision 6, is amended to read:

98.14 Subd. 6. **Termination or continuation of psychological condition treatment.** (a)  
98.15 Following completion of treatment under subdivision 4, the association shall confirm the  
98.16 treatment requirements are satisfied, and make one of the following determinations based  
98.17 on the report of the employee's mental health professional:

98.18 (1) continue the approval for an additional eight weeks for the employee to complete  
98.19 additional treatment, as provided under subdivision 7;

98.20 (2) terminate the psychological condition treatment because the employee is:

98.21 (i) able to return to or continue full-time or part-time work in the position held by the  
98.22 employee on the date of the injury, event, or onset of the mental illness; or

98.23 (ii) able to return to another vacant full-time position with the employer which provides  
98.24 salary and employer-provided benefits, including pension benefits, that are equal to or  
98.25 greater than those for the position held by the employee on the date of the injury, event, or  
98.26 onset of the mental illness, as certified by the employer in the form and manner specified  
98.27 by the executive director; or

98.28 (3) confirm the employee has met the requirements under section 353.032, after which  
98.29 the employee may apply for a duty disability benefit based on a psychological condition  
98.30 under section 353.031.

98.31 (b) The association must notify the employee and the employer electronically and by  
98.32 mail of its determination under paragraph (a).

99.1 ~~(b)~~ (c) After confirmation and application under paragraph (a), clause (3), the association  
 99.2 must approve the employee's application for disability benefits if the employee is eligible  
 99.3 under section 353.031, at which time the employee is entitled to receive disability benefits  
 99.4 as provided under this section and any related benefits. The disability benefit begins to  
 99.5 accrue the day following the day on which the employer ceases to continue salary and  
 99.6 benefits under subdivision 5 and section 353.656, subdivision 4, paragraph (a).

99.7 ~~(e)~~ (d) Following completion of the additional treatment requirements under subdivision  
 99.8 7, if applicable, the association shall confirm the additional treatment requirements are  
 99.9 satisfied, after which, the employee may apply for disability benefits because the employee  
 99.10 is eligible under section 353.031, at which time the employee is entitled to receive disability  
 99.11 benefits as provided under this section and any related benefits. The disability benefit begins  
 99.12 to accrue the day following the day on which the employer ceases to continue salary and  
 99.13 benefits under subdivision 5 and section 353.656, subdivision 4, paragraph (a).

99.14 (e) Treatment requirements that remain incomplete 60 days past the 24 weeks of treatment  
 99.15 under subdivision 4 or the additional eight weeks of treatment under subdivision 7 terminate.

99.16 ~~(d)~~ (f) A fitness for duty presumption shall apply to an employee who is determined able  
 99.17 to return to work as provided under paragraph (a), clause (2), except as provided under  
 99.18 subdivision 10.

99.19 Sec. 6. Minnesota Statutes 2024, section 353.032, subdivision 7, is amended to read:

99.20 Subd. 7. **Additional treatment.** (a) Except as provided in paragraph (g), if, after  
 99.21 completing the treatment required under subdivision 4, the employee's mental health  
 99.22 professional's report determines that the employee is making progress in treatment, and the  
 99.23 employee's prognosis is expected to further improve with additional treatment, the association  
 99.24 shall continue the employee's initial approval under subdivision 6, paragraph (a), clause  
 99.25 (1), and the employee shall complete up to an additional eight consecutive weeks of active  
 99.26 treatment modalities as provided under this subdivision. The association must notify the  
 99.27 employer electronically and by mail that the initial approval has been continued within six  
 99.28 business days after the executive director receives the mental health professional's report.

99.29 (b) Treatment shall be at the direction of a mental health professional using treatment  
 99.30 modalities indicated for the treatment of the employee's diagnosed mental illness. An  
 99.31 employee shall not be penalized for an interruption in active, consecutive treatment that is  
 99.32 not initiated by or resulting from an intentional action of the employee. Subject to subdivision  
 99.33 9, the employer shall pay for the treatment costs to the extent not paid for by the employee's  
 99.34 health insurance and may seek reimbursement.

100.1 (c) The employee's mental health professional must assess the employee's progress in  
100.2 treatment at the end of eight weeks, including any change to the employee's ability to return  
100.3 to the position held by the employee on the date of the injury, event, or onset of the mental  
100.4 illness, or to another position with the employer which provides salary and employer-provided  
100.5 benefits, including pension benefits, that are equal to or greater than those for the position  
100.6 held by the employee on the date of the injury, event, or onset of the mental illness. A final  
100.7 confirmation under subdivision 6, paragraph ~~(b)~~ (c), must be supported by an updated report  
100.8 from the employee's mental health professional containing an opinion about the employee's  
100.9 prognosis, the duration of the disability, and the expectations for improvement following  
100.10 the additional treatment. An updated report that does not contain and support a finding that  
100.11 the employee's disability as a result of a psychological condition will last for at least 12  
100.12 months must not be relied upon to support approval of duty disability benefits.

100.13 (d) The employee may return to full-time or part-time work ~~prior to the completion of~~  
100.14 for the employer or continue to work full-time or part-time for the employer during the eight  
100.15 weeks of treatment if the employee's mental health professional determines that they are  
100.16 medically able to do so and with the employer's approval.

100.17 (e) The employee may return to light duty assignments, subject to availability of a  
100.18 position, prior to the completion of the eight weeks of treatment, if deemed medically  
100.19 appropriate by the employee's mental health professional and with the employer's approval.

100.20 (f) A fitness for duty presumption shall apply to an employee who is cleared to return  
100.21 to work or light duty under paragraph (d) or (e), except as provided under subdivision 10.

100.22 (g) No employee shall be required to complete treatment under this subdivision more  
100.23 than three times in ten years.

100.24 Sec. 7. Minnesota Statutes 2024, section 353.032, subdivision 9, is amended to read:

100.25 Subd. 9. **Employer reimbursement; limit.** (a) Except as provided in paragraph (c), an  
100.26 employer subject to this section may annually apply by August 1 for the preceding fiscal  
100.27 year to the commissioner of public safety for reimbursement of:

100.28 (1) the treatment costs incurred by the employer under subdivision 4 or 7; and

100.29 (2) the costs incurred to continue salary and benefits as required under subdivision 5.

100.30 (b) An employer must apply for the reimbursement in the form and manner specified  
100.31 by the commissioner of public safety.

101.1 (c) No employer shall be required to pay for the salary, benefits, and treatment costs  
101.2 required under subdivisions 4, 5, and 7 for a single employee more than three times in ten  
101.3 years.

101.4 (d) An officer or firefighter receiving treatment under this section must provide to the  
101.5 employer, on a monthly basis, billing statements or invoices for treatment costs incurred as  
101.6 outlined in subdivisions 4 and 7.

101.7 Sec. 8. Minnesota Statutes 2024, section 353.032, subdivision 10, is amended to read:

101.8 Subd. 10. **Fitness for duty presumption.** (a) An employee who is cleared or determined  
101.9 able to work full-time or part-time while receiving treatment under subdivision 3, paragraph  
101.10 (c); or return to work or light duty under subdivision 4, paragraph (e); 6, paragraph ~~(e)~~ (f);  
101.11 or 7, paragraph (f), is presumed fit for duty, except as follows:

101.12 (1) an employer may request a fitness for duty exam by an independent medical provider  
101.13 if the exam is completed within six weeks of the employer receiving the determination from  
101.14 the treating mental health professional, and the independent medical provider's report is  
101.15 completed no more than six weeks later;

101.16 (2) an employee found unfit for duty by an independent medical provider under clause  
101.17 (1):

101.18 (i) is presumed eligible for a duty disability, as provided under subdivision 6, paragraph  
101.19 (a), clause (3), if the employee otherwise meets the eligibility requirements under section  
101.20 353.031; or

101.21 (ii) may appeal the independent medical provider's determination by requesting an  
101.22 examination under paragraph (c); and

101.23 (3) the fitness-for-duty timeline under this paragraph may be modified by mutual  
101.24 agreement of the employer and employee.

101.25 (b) Nothing in this section shall be deemed to affect the Americans with Disabilities  
101.26 Act, United States Code, title 42, chapter 126; the Family Medical Leave Act, United States  
101.27 Code, title 29, chapter 28; or the Minnesota Human Rights Act, chapter 363A.

101.28 (c) An employee who wishes to appeal the independent medical provider's determination  
101.29 under paragraph (a), clause (2), item (ii), may request an examination by a qualified  
101.30 professional selected by the employee from a panel established by mutual agreement among  
101.31 the League of Minnesota Cities, the Association of Minnesota Counties, the Minnesota  
101.32 Peace and Police Officers Association, the Minnesota Professional Fire Fighters Association,

102.1 the Minnesota Chiefs of Police Association, and the Minnesota Law Enforcement  
102.2 Association. The panel shall consist of five licensed psychiatrists or psychologists who have  
102.3 expertise regarding psychological or emotional disorders and who are qualified to opine as  
102.4 to the employee's fitness to engage in police or firefighting duties. The agreed upon panel  
102.5 of qualified professionals must be submitted to the executive director and made available  
102.6 for use in the appeal process. If the employee fails to select a qualified professional from  
102.7 the panel within ten days of any notice of appeal, the employing entity may select the  
102.8 qualified professional from the panel. A determination made by a qualified professional  
102.9 under this item is binding and not subject to appeal. This panel may be the same panel as  
102.10 the panel established under section 352B.102, subdivision 10.

102.11 **Sec. 9. EFFECTIVE DATE.**

102.12 Sections 1 to 8 are effective the day following final enactment.

102.13 **ARTICLE 16**

102.14 **PUBLIC PENSION PLANS: MODIFYING THE CIRCUMSTANCES FOR**  
102.15 **TERMINATING STATE AID AND SUPPLEMENTAL EMPLOYER**  
102.16 **CONTRIBUTIONS**

102.17 Section 1. Minnesota Statutes 2024, section 352.92, subdivision 2a, is amended to read:

102.18 **Subd. 2a. Supplemental employer contribution.** (a) Effective July 1, 2019, the employer  
102.19 shall pay a supplemental contribution. The supplemental contribution is 1.45 percent of  
102.20 salary for covered correctional employees from July 1, 2019, through June 30, 2020; 2.95  
102.21 percent of salary for covered correctional employees from July 1, 2020, through June 30,  
102.22 2021; and 4.45 percent of salary for covered correctional employees thereafter. The  
102.23 supplemental contribution rate of 4.45 percent remains in effect until, for three consecutive  
102.24 years, the market value of the assets of the correctional state employees retirement plan of  
102.25 the Minnesota State Retirement System equals or exceeds 110 percent of the actuarial  
102.26 accrued liability of the plan as determined by the actuary retained under section 356.214.  
102.27 The expiration of the supplemental employer contribution is effective the first day of the  
102.28 first full pay period of the fiscal year immediately following the issuance of the third actuarial  
102.29 valuation upon which the expiration is based.

102.30 (b) The supplemental contribution under paragraph (a) must be paid starting the first  
102.31 day of the first full pay period after June 30, 2018.

103.1 Sec. 2. Minnesota Statutes 2024, section 352B.02, subdivision 1c, is amended to read:

103.2 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In  
 103.3 addition to member contributions, department heads shall pay a sum equal to the specified  
 103.4 percentage of the salary upon which deductions were made, which constitutes the employer  
 103.5 contribution to the fund as follows:

103.6	from July 1, 2014, to June 30, 2016	20.1
103.7	from July 1, 2016, to June 30, 2018	21.6
103.8	from July 1, 2018, to June 30, 2019	22.35
103.9	after June 30, 2019	23.1

103.10 (b) Department contributions must be paid out of money appropriated to departments  
 103.11 for this purpose.

103.12 (c) Contribution increases under paragraph (a) must be paid starting the first day of the  
 103.13 first full pay period after the effective date of the increase.

103.14 (d) Effective July 1, 2018, department heads shall pay a supplemental employer  
 103.15 contribution. The supplemental contribution is 1.75 percent of the salary upon which  
 103.16 deductions are made from July 1, 2018, through June 30, 2019; three percent of the salary  
 103.17 upon which deductions are made from July 1, 2019, through June 30, 2020; five percent of  
 103.18 the salary which deductions are made from July 1, 2020, through June 30, 2021; and seven  
 103.19 percent of the salary upon which deductions are made thereafter. The supplemental  
 103.20 contribution must be paid starting the first day of the first full pay period after June 30,  
 103.21 2018. The supplemental contribution rate of seven percent remains in effect until, for three  
 103.22 consecutive years, the market value of the assets of the State Patrol retirement plan of the  
 103.23 Minnesota State Retirement System equals or exceeds 110 percent of the actuarial accrued  
 103.24 liability of the plan as determined by the actuary retained under section 356.214. The  
 103.25 expiration of the supplemental employer contribution is effective the first day of the first  
 103.26 full pay period of the fiscal year immediately following the issuance of the third actuarial  
 103.27 valuation upon which the expiration is based.

103.28 Sec. 3. Minnesota Statutes 2024, section 353.65, subdivision 3b, is amended to read:

103.29 Subd. 3b. **Direct state aid.** (a) The state must pay \$4,500,000 on October 1, 2018, and  
 103.30 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of  
 103.31 each year after 2019, the state must pay \$9,000,000 to the public employees police and fire  
 103.32 retirement plan. The commissioner of management and budget must pay the aid specified

104.1 in this subdivision. The amount required is annually appropriated from the general fund to  
 104.2 the commissioner of management and budget.

104.3 (b) The aid under paragraph (a) continues until the ~~earlier of:~~ first day of the fiscal year  
 104.4 following three consecutive fiscal years in which, for each fiscal year, the actuarial value  
 104.5 of assets of the fund equals or exceeds 110 percent of the actuarial accrued liabilities as  
 104.6 reported by the actuary retained under section 356.214 in the annual actuarial valuation  
 104.7 prepared under section 356.215.

104.8 ~~(1) the first day of the fiscal year following three consecutive fiscal years in which, for~~  
 104.9 ~~each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of~~  
 104.10 ~~the actuarial accrued liabilities as reported by the actuary retained under section 356.214~~  
 104.11 ~~in the annual actuarial valuation prepared under section 356.215; or~~

104.12 ~~(2) July 1, 2048.~~

104.13 Sec. 4. Minnesota Statutes 2024, section 423A.022, subdivision 5, is amended to read:

104.14 Subd. 5. **Aid termination.** (a) The aid under subdivision 2, paragraph (a), clauses (1)  
 104.15 and (3), continues until the ~~earlier of:~~ December 1 following three consecutive fiscal years  
 104.16 in which, for each fiscal year, the actuarial value of assets of both the State Patrol retirement  
 104.17 plan and the public employees police and fire retirement plan equals or exceeds 100 percent  
 104.18 of the actuarial accrued liabilities as reported by the actuary retained under section 356.214  
 104.19 in the annual actuarial valuation prepared under section 356.215.

104.20 ~~(1) the December 1 following three consecutive fiscal years in which, for each fiscal~~  
 104.21 ~~year, the actuarial value of assets of both the State Patrol retirement plan and the public~~  
 104.22 ~~employees police and fire retirement plan equals or exceeds 90 percent of the actuarial~~  
 104.23 ~~accrued liabilities as reported by the actuary retained under section 356.214 in the annual~~  
 104.24 ~~actuarial valuation prepared under section 356.215; or~~

104.25 ~~(2) July 1, 2048.~~

104.26 (b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

104.27 Sec. 5. Minnesota Statutes 2024, section 490.123, subdivision 5, is amended to read:

104.28 Subd. 5. **Direct state aid.** (a) The state shall pay \$6,000,000 annually to the judges'  
 104.29 retirement fund. The aid is payable each July 1. The amount required is annually appropriated  
 104.30 from the general fund to the judges' retirement fund.

105.1 (b) The aid under paragraph (a) continues until the ~~earlier of:~~ first day of the fiscal year  
 105.2 following three consecutive fiscal years in which, for each fiscal year, the actuarial value  
 105.3 of assets of the fund equals or exceeds 110 percent of the actuarial accrued liabilities as  
 105.4 reported by the actuary retained under section 356.214 in the annual actuarial valuation  
 105.5 prepared under section 356.215.

105.6 ~~(1) the first day of the fiscal year following three consecutive fiscal years in which the~~  
 105.7 ~~actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued~~  
 105.8 ~~liabilities as reported by the actuary retained under section 356.214 in the annual actuarial~~  
 105.9 ~~valuation prepared under section 356.215; or~~

105.10 ~~(2) July 1, 2048.~~

105.11 Sec. 6. **EFFECTIVE DATE.**

105.12 Sections 1 to 5 are effective the day following final enactment.

## 105.13 **ARTICLE 17**

### 105.14 **WORK GROUP ON PENSION PLANS FOR PROBATION OFFICERS AND 911** 105.15 **TELECOMMUNICATORS**

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

105.18 Subdivision 1. **Work group established.** The executive director of the Legislative  
 105.19 Commission on Pensions and Retirement (commission executive director) must convene a  
 105.20 work group for the purpose of recommending a pension plan to be administered by the  
 105.21 Minnesota State Retirement System (MSRS) for probation officers and 911  
 105.22 telecommunicators who are state employees, as defined in Minnesota Statutes, section  
 105.23 352.01, subdivision 2, and a pension plan to be administered by the Public Employees  
 105.24 Retirement Association (PERA) for probation officers and 911 telecommunicators who are  
 105.25 public employees, as defined in Minnesota Statutes, section 353.01, subdivision 2.

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

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

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

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

- 106.1 (4) the commissioner of public safety or the commissioner's designee;
- 106.2 (5) a representative from the Minnesota Association of County Probation Officers;
- 106.3 (6) a representative from the Minnesota Corrections Association;
- 106.4 (7) a representative from the Minnesota Association of Professional Employees;
- 106.5 (8) a representative from the International Brotherhood of Teamsters Local 320;
- 106.6 (9) a representative from the American Federation of State, County and Municipal
- 106.7 Employees Council 5;
- 106.8 (10) two representatives from the Association of Minnesota Counties;
- 106.9 (11) a representative from the League of Minnesota Cities;
- 106.10 (12) a representative from the Minnesota Inter-County Association;
- 106.11 (13) a representative from the Minnesota Association of Public Safety Communications
- 106.12 Officials or the National Emergency Number Association of Minnesota;
- 106.13 (14) a representative from the Law Enforcement Labor Services;
- 106.14 (15) a representative from the Minnesota Association of Community Corrections Act
- 106.15 Counties;
- 106.16 (16) a representative from the Minnesota Professional Fire Fighters Association; and
- 106.17 (17) a representative from the Minnesota Police and Peace Officers Association.
- 106.18 (b) The commission executive director may invite others, including the commission's
- 106.19 actuary, to participate in one or more meetings of the work group.
- 106.20 (c) The organizations specified in paragraph (a) must provide the commission executive
- 106.21 director with the names and contact information for the representatives who will serve on
- 106.22 the work group by June 14, 2025.
- 106.23 Subd. 3. **Mandate.** In arriving at the work group's recommendations, the work group
- 106.24 must:
- 106.25 (1) determine the features of each pension plan, including but not limited to:
- 106.26 (i) employee and employer contribution rates;
- 106.27 (ii) vesting requirements;
- 106.28 (iii) the benefit formula;
- 106.29 (iv) normal and early retirement ages;

- 107.1 (v) disability benefits;
- 107.2 (vi) postretirement adjustments;
- 107.3 (vii) the extent to which past service will be credited and paid for; and
- 107.4 (viii) definitions for "probation officer" and "911 telecommunicator";
- 107.5 (2) determine whether the new plans will be entirely new pension plans or whether the
- 107.6 new plans will be component pension plans similar to the special coverage for state fire
- 107.7 marshals under Minnesota Statutes, section 352.87; and
- 107.8 (3) consider:
- 107.9 (i) the study prepared by PERA that estimates the costs and benefits for a pension plan
- 107.10 for probation officers, 911 telecommunicators, and any other public safety adjacent
- 107.11 employees;
- 107.12 (ii) the financial impact resulting from the potential cessation of benefit accruals and
- 107.13 contributions for members that transfer from the MSRS general state employees retirement
- 107.14 plan or the PERA general employees retirement plan to the new pension plan;
- 107.15 (iii) the option for members to purchase credit for past service, including the method
- 107.16 for purchasing credit for past service;
- 107.17 (iv) how contributions used to prefund benefit improvements can be made before any
- 107.18 new pension plan is created;
- 107.19 (v) any other public safety adjacent positions that should be included in the new pension
- 107.20 plans and how those positions should be defined;
- 107.21 (vi) the balance of employee and employer contributions, including the interest in funding
- 107.22 pension benefit improvements with increased employee contributions; and
- 107.23 (vii) a bill styled as 2025 H.F. No. 1779/S.F. No. 1986, also referred to as revisor number
- 107.24 25-02845, or its equivalent, passed/introduced in the 2025 regular or special session,
- 107.25 including the testimony on the bill at the meetings of the Legislative Commission on Pensions
- 107.26 and Retirement.
- 107.27 Subd. 4. **Proposed legislation.** With the assistance of the commission executive director,
- 107.28 the work group must prepare proposed legislation that implements the recommendations
- 107.29 of the work group under subdivision 3. If the work group recommends more than one
- 107.30 approach to improving pension benefits, the work group must provide alternative bills.
- 107.31 Recommended legislation must require MSRS and PERA to have any new plan or component
- 107.32 plan operational by January 1, 2027.

108.1 Subd. 5. **Due date for submitting recommendations to the commission.** The chair of  
 108.2 the work group must submit the recommendations of the work group, along with proposed  
 108.3 legislation that implements the recommendations, to the chair and executive director of the  
 108.4 Legislative Commission on Pensions and Retirement by January 15, 2026.

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

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

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

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

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

108.14 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter  
 108.15 10A.

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

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

## 108.20 **ARTICLE 18**

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

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

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

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

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

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

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

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

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

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

109.10 Subd. 3. **Membership.** The commission consists of seven members of the senate  
 109.11 appointed by the Subcommittee on Committees of the Committee on Rules and  
 109.12 Administration and seven members of the house of representatives appointed by the speaker.  
 109.13 No more than five members from each chamber may be from the majority caucus in that  
 109.14 chamber. Members shall be appointed at the commencement of each regular session of the  
 109.15 legislature for a two-year term beginning January 16 of the first year of the regular session.  
 109.16 ~~Members continue~~ A member continues to serve until ~~their successors are appointed the~~  
 109.17 earlier of the appointment of the member's successor or the end of the member's legislative  
 109.18 term or office. Vacancies that occur while the legislature is in session shall be filled like  
 109.19 regular appointments. If the legislature is not in session, senate vacancies shall be filled by  
 109.20 the last Subcommittee on Committees of the senate Committee on Rules and Administration  
 109.21 or other appointing authority designated by the senate rules, and house of representatives  
 109.22 vacancies shall be filled by the last speaker of the house, or if the speaker is not available,  
 109.23 by the last chair of the house of representatives Rules Committee.

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

109.25 Subd. 10. **Standards for pension valuations and cost estimates.** The commission shall  
 109.26 adopt standards prescribing ~~specific detailed~~ methods to calculate, evaluate, and display  
 109.27 current and ~~proposed law~~ projected liabilities, costs, and actuarial equivalents of ~~all~~ covered  
 109.28 public ~~employee~~ pension plans in Minnesota under section 356.20, subdivision 2, that are  
 109.29 defined benefit plans. These standards ~~shall~~ must be consistent with chapter 356 and be  
 109.30 updated ~~annually~~ periodically. At a minimum, the standards ~~shall~~ must contain requirements  
 109.31 that comply with ~~generally accepted accounting principles~~ actuarial standards of practice  
 109.32 applicable to government pension plans. ~~The standards may include additional financial,~~

110.1 ~~funding, or valuation requirements that are not required under generally accepted accounting~~  
 110.2 ~~principles applicable to government pension plans.~~

110.3 Sec. 4. EFFECTIVE DATE.

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

## 110.5 ARTICLE 19

### 110.6 STATEWIDE VOLUNTEER FIREFIGHTER PLAN

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

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

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

110.14 (1) the most recent actuarial valuation normal cost, administrative expense, including  
 110.15 the cost of a regular actuarial valuation, and amortization results for the account determined  
 110.16 by the approved actuary retained by the retirement association under sections 356.215 and  
 110.17 356.216; and

110.18 (2) the standards for actuarial work, utilizing a six percent investment return actuarial  
 110.19 assumption ~~and~~ other actuarial assumptions approved under section 356.215, subdivision  
 110.20 ~~18~~; and the amortization periods specified in section 356.215, subdivision 11.

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

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

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

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

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

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

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

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

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

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

111.29 (2) the benefit level for a member of the monthly division is the benefit level under the  
 111.30 retirement benefit plan document applicable to the member's former relief association or  
 111.31 the benefit level under the retirement benefit plan document as modified under subdivision  
 111.32 2a, whichever is in effect as of the date the member terminated firefighting services.

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

112.2 Subd. 2. **Benefit level changes in the lump-sum division of defined benefit plan.** (a)

112.3 A fire department's fire chief or the governing body operating a fire department may request  
112.4 an increase in the benefit level as provided in this subdivision.

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

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

112.10 (d) Within 120 days after receiving the cost estimate from the executive director, the  
112.11 governing body may approve the benefit level change, effective for January 1 of the following  
112.12 calendar year unless the governing body specifies in the approval document an effective  
112.13 date that is January 1 of the second year following the approval date. If the approval occurs  
112.14 after April 30, the required municipal contribution for the following calendar year must be  
112.15 recalculated and the results reported to the governing body. If not approved within 120 days  
112.16 of the receipt of the cost estimate, the benefit level change is considered to have been  
112.17 disapproved.

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

112.19 Subd. 2a. ~~Procedure for changing~~ **Benefit level changes in the monthly division.** (a)

112.20 ~~The~~ A fire department's fire chief of a fire department or the governing body operating a  
112.21 fire department that has an active membership ~~that is covered by the monthly benefit~~  
112.22 ~~retirement division of the plan may initiate the process of modifying~~ request an increase in  
112.23 the benefit level provided in the retirement benefit plan document under this ~~section~~  
112.24 subdivision.

112.25 (b) The modification procedure is initiated when the ~~applicable~~ fire chief or governing  
112.26 body files with the executive director ~~of the association~~ a written summary of the desired  
112.27 ~~benefit plan document~~ modification, the proposed ~~benefit plan document~~ modification  
112.28 language, a written request for the preparation of an actuarial cost estimate for the proposed  
112.29 ~~benefit plan document~~ modification, and payment of the estimated cost of the actuarial cost  
112.30 estimate.

112.31 (c) Upon receipt of the modification request and related documents, the executive director  
112.32 ~~shall~~ must review the language of the proposed ~~benefit plan document~~ modification and, if  
112.33 a clarification is needed in the submitted language, ~~shall~~ inform the fire chief or governing

113.1 ~~body~~ of the necessary clarification. ~~Once~~ After the ~~proposed benefit plan document~~  
 113.2 ~~modification language~~ fire chief or governing body has been clarified by the fire chief and  
 113.3 ~~resubmitted~~ submitted the clarified language to the executive director, the executive director  
 113.4 ~~shall arrange for the approved actuary retained by the association to prepare a benefit plan~~  
 113.5 ~~document modification cost estimate under the applicable provisions of section 356.215~~  
 113.6 ~~and of the standards for actuarial work adopted by the Legislative Commission on Pensions~~  
 113.7 ~~and Retirement~~ must prepare the cost estimate using a procedure certified as accurate by  
 113.8 the approved actuary retained by the association. Upon completion of the ~~benefit plan~~  
 113.9 ~~document modification~~ cost estimate, the executive director ~~shall~~ must forward the estimate  
 113.10 to the fire chief ~~who requested it~~ and to the chief financial officer of the municipality or  
 113.11 entity with which the fire department is primarily associated.

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

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

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

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

113.30 (b) The executive director:

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

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

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

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

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

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

114.6 Upon transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~ fire  
114.7 department account, the pension liabilities attributable to the benefits for the former and  
114.8 current firefighters ~~shall~~ become the obligation of the special fund of the relief association.

114.9 (b) Upon the transfer of the assets of the ~~lump-sum account or monthly benefit retirement~~  
114.10 fire department account, the board of trustees of the relief association has legal title to and  
114.11 management responsibility for the transferred assets as trustees for persons having a beneficial  
114.12 interest in those assets arising out of the benefit coverage provided by the account.

114.13 (c) The relief association is the successor in interest with respect to all claims against  
114.14 the plan relating to the transferred ~~lump-sum account or monthly benefit retirement~~ fire  
114.15 department account, except for claims alleging any act or acts by the plan or its fiduciaries  
114.16 that were not done in good faith or that constituted a breach of fiduciary responsibility under  
114.17 chapter 356A.

114.18 (d) The value of each volunteer firefighter's benefit in the plan on the day before the  
114.19 asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day  
114.20 after the asset transfer. The relief association shall give credit, with respect to each firefighter  
114.21 whose benefit is being transferred, for all past service, including service credit with the plan  
114.22 and with any predecessor relief association, to the extent credit is given for such service in  
114.23 the records of the plan for that firefighter.

114.24 (e) Upon completion of the transfer of records, assets, and liabilities, the executive  
114.25 director shall provide written notice to the state auditor, the commissioner of revenue, and  
114.26 the secretary of state that the transfer is complete.

114.27 Sec. 7. Minnesota Statutes 2024, section 353G.19, subdivision 1, is amended to read:

114.28 Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated  
114.29 with a fire department covered by the defined benefit plan, including an entity previously  
114.30 affiliated with a defined benefit relief association when the entity made a request for coverage  
114.31 by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may  
114.32 convert to coverage by the defined contribution plan in accordance with this section.

115.1 (b) Conversion from coverage by the defined benefit plan to coverage by the defined  
115.2 contribution plan consists of:

115.3 (1) a resolution by the governing body of the participating employer;

115.4 (2) notice to all former and active volunteer firefighters of the fire department;

115.5 (3) full vesting on the conversion effective date of all active and former volunteer  
115.6 firefighters with an accrued benefit in the defined benefit plan attributable to service with  
115.7 the fire department, to the extent funded as of the conversion effective date; and

115.8 (4) allocation of surplus over full funding, if any, to individual accounts in the fire  
115.9 department's new account in the defined contribution plan.

115.10 (c) For an entity previously affiliated with a defined benefit relief association when the  
115.11 entity made a request for coverage by the defined contribution plan under section 353G.05,  
115.12 subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately  
115.13 after coverage by the retirement plan of the entity's fire department and the entity's volunteer  
115.14 firefighters takes effect.

115.15 Sec. 8. Minnesota Statutes 2024, section 353G.19, subdivision 2, is amended to read:

115.16 Subd. 2. **Resolutions by the governing body.** To initiate a conversion, the governing  
115.17 body of the participating employer must file with the executive director at least 30 days  
115.18 before the end of a calendar year:

115.19 (1) a resolution that states that the fire department elects to participate in the defined  
115.20 contribution plan effective on the conversion effective date, which is the first day of the  
115.21 next calendar year; and

115.22 (2) if, as of the valuation immediately preceding the conversion effective date, the fire  
115.23 department account had a deficit from full funding as defined under section 353G.08,  
115.24 subdivision 1, paragraph (c), or the special fund of the defined benefit relief association had  
115.25 a deficit from full funding as defined in section 424A.092, subdivision 3, paragraph (b), a  
115.26 resolution approving a contribution to the retirement plan in the amount necessary to  
115.27 eliminate the deficit, which is to be paid within 30 days of the filing of the resolution or in  
115.28 installments over three years, with the first payment to be made within 30 days of the filing  
115.29 of the resolution.

116.1 Sec. 9. Minnesota Statutes 2024, section 353G.19, subdivision 3, is amended to read:

116.2 Subd. 3. **Notice to participants.** The participating employer must provide notice to all  
116.3 active and former volunteer firefighters in the fire department at least 30 days before the  
116.4 conversion effective date. The notice must include:

116.5 (1) an explanation that the plan is converting from a defined benefit plan to a defined  
116.6 contribution plan, including definitions of those terms, on the conversion effective date and  
116.7 that the active and former volunteer firefighters will become ~~fully~~ vested in their accrued  
116.8 benefit to the extent funded as of the conversion effective date;

116.9 (2) a summary of the terms of the defined contribution plan;

116.10 (3) a section tailored to each volunteer firefighter that provides an estimate of the present  
116.11 value of the participant's ~~fully~~ vested accrued benefit and the calculation that resulted in  
116.12 that value;

116.13 (4) an estimate of any anticipated surplus and an explanation of the allocation of the  
116.14 surplus; and

116.15 (5) contact information for the chief administrative officer or chief financial officer of  
116.16 the participating employer and the designated staff member of the retirement plan who will  
116.17 answer questions and directions to a website.

116.18 Sec. 10. Minnesota Statutes 2024, section 353G.19, subdivision 4, is amended to read:

116.19 Subd. 4. **Full vesting and determination of accrued benefit.** (a) On the conversion  
116.20 effective date, each active or former volunteer firefighter with a retirement benefit under  
116.21 the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit,  
116.22 becomes 100 percent vested or, if the defined benefit plan does not have sufficient assets  
116.23 to fund 100 percent vesting, as close to 100 percent vested as the funding permits, as of the  
116.24 conversion effective date in the firefighter's retirement benefit, without regard to the number  
116.25 of years of vesting service credit.

116.26 (b) The executive director must determine the present value of each active or former  
116.27 firefighter's accrued benefit as of the conversion effective date, taking into account the full  
116.28 vesting requirement under paragraph (a).

116.29 Sec. 11. Minnesota Statutes 2024, section 353G.19, subdivision 5, is amended to read:

116.30 Subd. 5. **Surplus over full funding.** If the fire department account has a surplus over  
116.31 full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive

117.1 director must allocate the surplus over full funding to the individual account of each active  
 117.2 ~~and former~~ volunteer firefighter, ~~except any former volunteer firefighter receiving an annuity,~~  
 117.3 in the same proportion that the volunteer firefighter's accrued benefit bears to the total  
 117.4 accrued benefits of all active ~~and former~~ volunteer firefighters.

117.5 Sec. 12. EFFECTIVE DATE.

117.6 Sections 1 to 11 are effective the day following final enactment, except the amendment  
 117.7 to section 1, paragraph (b), clause (2), is effective beginning with actuarial valuations on  
 117.8 or after July 1, 2025.

## 117.9 ARTICLE 20

### 117.10 IRAP TO TRA TRANSFERS

117.11 Section 1. Minnesota Statutes 2024, section 354B.215, subdivision 3, is amended to read:

117.12 Subd. 3. **Eligible person.** (a) An eligible person is a person who:

117.13 (1) is employed by Minnesota State;

117.14 (2) has an account in the individual retirement account plan; ~~and~~

117.15 (3) ~~satisfies~~ was previously eligible to elect coverage by the Teachers Retirement  
 117.16 Association under one or more sections of chapter 354B or any prior version of chapter  
 117.17 354B; and

117.18 (4) is not disqualified because Minnesota State produces one or more of the items listed  
 117.19 in paragraph (b).

117.20 (b) A person ~~satisfies this paragraph~~ is not an eligible person if Minnesota State is not  
 117.21 ~~able to produce~~ produces at least one of the following items by the end of the ~~60-day~~ 75-day  
 117.22 period under subdivision 4, paragraph (b):

117.23 (1) a record indicating that the person received notice regarding the person's eligibility  
 117.24 to elect ~~prospective~~ coverage by the Teachers Retirement Association ~~within the election~~  
 117.25 ~~period under section 354B.211, subdivision 4 or 6, or its predecessor~~ during the person's  
 117.26 first year of eligibility to participate in the individual retirement account plan;

117.27 (2) a record indicating that the person received notice regarding the person's eligibility  
 117.28 to elect coverage by the Teachers Retirement Association during the person's first year after  
 117.29 attaining tenure or comparable permanent status;

117.30 ~~(2)~~ (3) a record that the person elected retirement coverage by the individual retirement  
 117.31 account plan; or

118.1 ~~(3)~~ (4) other credible documentation demonstrating that the person was aware of the  
 118.2 person's right to elect retirement coverage by the Teachers Retirement Association.

118.3 (c) The record described in paragraph (b), clause (1), is not effective to disqualify a  
 118.4 person if the person was eligible to elect coverage by the Teachers Retirement Association  
 118.5 during the person's first year after attaining tenure or comparable permanent status.

118.6 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

118.7 Sec. 2. Minnesota Statutes 2024, section 354B.215, subdivision 4, is amended to read:

118.8 **Subd. 4. Eligible person application; information required from Minnesota State.** (a)  
 118.9 To elect coverage by the Teachers Retirement Association, an eligible person must submit  
 118.10 a written application to the chancellor on a form provided by Minnesota State. The application  
 118.11 must include:

118.12 (1) an attestation that the person was not informed of the right to elect a transfer from  
 118.13 the individual retirement account plan to the Teachers Retirement Association and the person  
 118.14 was unaware of the right to elect such a transfer;

118.15 (2) the date on which the person first became a participant in the individual retirement  
 118.16 account plan;

118.17 (3) a signed release authorizing Minnesota State to provide employment and other  
 118.18 personnel information to the Teachers Retirement Association; and

118.19 (4) any other information that Minnesota State may require.

118.20 (b) No later than ~~60~~ 75 days after receipt of the application under paragraph (a), Minnesota  
 118.21 State must verify the information provided by the person in the application, determine  
 118.22 whether the person is an eligible person under subdivision 3, and provide a written response  
 118.23 to the person regarding the determination of eligibility. If Minnesota State determines that  
 118.24 the person is not an eligible person, Minnesota State must specify the reason or reasons for  
 118.25 its determination and, if applicable, include a copy of any documentation identified in  
 118.26 subdivision 3, paragraph (b), in its written response to the person.

118.27 (c) If Minnesota State determines that the person is an eligible person under subdivision  
 118.28 3, Minnesota State must forward to the executive director:

118.29 (1) the application;

118.30 (2) confirmation or modification of the information provided by the eligible person in  
 118.31 the application;

- 119.1 (3) salary history for the eligible person;
- 119.2 (4) an estimate of the amount available for transfer from the eligible person's account
- 119.3 in the individual retirement account plan to the Teachers Retirement Association; and
- 119.4 (5) any other relevant information.

119.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2025.

## 119.6 ARTICLE 21

### 119.7 FIRE AND POLICE STATE AID

119.8 Section 1. Minnesota Statutes 2024, section 423A.022, subdivision 2, is amended to read:

119.9 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

119.10 (1) 58.064 percent must be paid to the executive director of the Public Employees

119.11 Retirement Association for deposit in the public employees police and fire retirement fund

119.12 established by section 353.65, subdivision 1;

119.13 (2) 35.484 percent must be allocated and paid as required by paragraphs (b) and (c),

119.14 respectively, to or on behalf of municipalities other than municipalities solely employing

119.15 firefighters with retirement coverage provided by the public employees police and fire

119.16 retirement plan which qualified to receive fire state aid in that calendar year, allocated in

119.17 proportion to the most recent amount of fire state aid paid under section 477B.04, for the

119.18 municipality bears to the most recent total fire state aid for all municipalities other than the

119.19 municipalities solely employing firefighters with retirement coverage provided by the

119.20 Public Employees police and fire Retirement plan paid under section 477B.04, with the

119.21 allocated amount for fire departments participating in the statewide lump-sum volunteer

119.22 firefighter plan paid to the executive director of the Public Employees Retirement Association

119.23 for deposit in the fund established by section 353G.02, subdivision 3, and credited to the

119.24 respective account and with the balance paid to the treasurer of each municipality for

119.25 transmittal within 30 days of receipt to the treasurer of the applicable firefighters relief

119.26 association for deposit in its special fund who qualify for supplemental state aid under

119.27 paragraph (d); and

119.28 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement

119.29 System for deposit in the state patrol retirement fund.

119.30 (b) Supplemental state aid under paragraph (a), clause (2), must be allocated to each

119.31 municipality that qualifies for supplemental state aid under paragraph (d) in the same

119.32 proportion that the most recent amount of fire state aid paid under section 477B.04 for the

120.1 municipality bears to the most recent total fire state aid paid under section 477B.04 for all  
 120.2 municipalities other than municipalities solely employing firefighters with retirement  
 120.3 coverage by one or more pension plans under chapter 353.

120.4 (c) Supplemental state aid under paragraph (a), clause (2), must be paid:

120.5 (1) to the executive director of the Public Employees Retirement Association for each  
 120.6 municipality with a fire department that participates in the statewide volunteer firefighter  
 120.7 plan for deposit in the fund established by section 352G.02, subdivision 3, and credited to  
 120.8 the fire department's account; and

120.9 (2) with the balance to the treasurer of each municipality for transmittal within 30 days  
 120.10 of receipt to the treasurer of the applicable firefighters relief association for deposit in its  
 120.11 special fund.

120.12 (d) A municipality qualifies for supplemental state aid under paragraph (a), clause (2),  
 120.13 if the municipality:

120.14 (1) does not solely employ firefighters with retirement coverage provided by one or  
 120.15 more pension plans established under chapter 353; and

120.16 (2) qualified to receive fire state aid in that calendar year.

120.17 ~~(b)~~ (e) For purposes of this section, the term "municipalities" includes independent  
 120.18 nonprofit firefighting corporations that participate in the statewide ~~lump-sum~~ volunteer  
 120.19 firefighter plan under chapter 353G or with subsidiary ~~volunteer~~ firefighter relief associations  
 120.20 operating under chapter 424A.

120.21 Sec. 2. Minnesota Statutes 2024, section 423A.022, subdivision 3, is amended to read:

120.22 Subd. 3. **Reporting.** On or before September 1, annually, the executive director of the  
 120.23 Public Employees Retirement Association shall report to the commissioner of revenue the  
 120.24 following:

120.25 (1) the municipalities ~~which~~ that employ firefighters with retirement coverage by the  
 120.26 public employees police and fire retirement plan;

120.27 (2) the municipalities that employ firefighters with retirement coverage by the general  
 120.28 employees retirement plan;

120.29 ~~(2)~~ (3) the fire departments covered by the statewide ~~lump-sum~~ volunteer firefighter  
 120.30 plan; and

121.1 ~~(3)~~ (4) any other information requested by the commissioner to administer the police  
121.2 and firefighter retirement supplemental state aid program.

121.3 Sec. 3. Minnesota Statutes 2024, section 424A.014, subdivision 5, is amended to read:

121.4 Subd. 5. **Report by certain municipalities; exceptions.** (a) The chief administrative  
121.5 officer of each municipality that has a fire department but does not have a relief association  
121.6 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section  
121.7 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed  
121.8 financial report of the receipts and disbursements by the municipality for fire protection  
121.9 service during the preceding calendar year on a form prescribed by the state auditor. The  
121.10 financial report must contain any information that the state auditor deems necessary to  
121.11 disclose the sources of receipts and the purpose of disbursements for fire protection service.  
121.12 The financial report must be signed by the municipal clerk or clerk-treasurer with the state  
121.13 auditor on or before July 1 annually. The municipality does not qualify initially to receive,  
121.14 and is not entitled subsequently to retain, any fire state aid and police and firefighter  
121.15 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the  
121.16 financial reporting requirement or the applicable requirements of any other statute or special  
121.17 law have not been complied with or are not fulfilled.

121.18 (b) Each municipality that has a fire department and provides retirement coverage to its  
121.19 firefighters through the statewide volunteer firefighter plan under chapter 353G qualifies  
121.20 to have fire state aid transmitted to and retained in the statewide volunteer firefighter  
121.21 retirement fund without filing a detailed financial report if the executive director of the  
121.22 Public Employees Retirement Association certifies compliance by the municipality with  
121.23 the requirements of sections 353G.04 and 353G.08, subdivision 1, paragraph (e), and certifies  
121.24 compliance by the applicable fire chief with the requirements of section 353G.07.

121.25 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing  
121.26 a financial report under paragraph (a) if the municipality:

121.27 (1) has a fire department;

121.28 (2) does not have a firefighters relief association directly associated with its fire  
121.29 department;

121.30 (3) does not participate in the statewide volunteer firefighter retirement plan under  
121.31 chapter 353G;

122.1 (4) provides retirement coverage to its firefighters through the general employees  
 122.2 retirement plan under chapter 353 or the public employees police and fire retirement plan  
 122.3 under sections 353.63 to 353.68; and

122.4 (5) is certified by the executive director of the Public Employees Retirement Association  
 122.5 to the state auditor to have had an employer contribution under section 353.27, subdivisions  
 122.6 3 and 3a, or 353.65, subdivision 3, for its firefighters for the immediately prior calendar  
 122.7 year equal to or greater than its fire state aid for the immediately prior calendar year.

122.8 Sec. 4. Minnesota Statutes 2024, section 424A.08, is amended to read:

122.9 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED**  
 122.10 **DISBURSEMENTS.**

122.11 (a) ~~Any A~~ A municipality ~~which that~~ is entitled to receive fire state aid ~~but which has no~~  
 122.12 must deposit the fire state aid in a special account established for that purpose in the  
 122.13 municipal treasury and disburse the fire state aid in accordance with paragraph (b) or (c),  
 122.14 as applicable, if the municipality's fire department is not directly associated with a firefighters  
 122.15 relief association directly associated with its fire department and which is not a participating  
 122.16 employer in the statewide volunteer firefighter plan under chapter 353G.

122.17 (b) If the municipality has no full-time firefighters with retirement coverage by the public  
 122.18 employees police and fire retirement plan ~~shall deposit the fire state aid in a special account~~  
 122.19 ~~established for that purpose in the municipal treasury. Disbursement and no part-time~~  
 122.20 firefighters with retirement coverage by the general employees retirement plan under chapter  
 122.21 353, the municipality must not disburse fire state aid from the special account may not be  
 122.22 ~~made~~ for any purpose except:

122.23 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department  
 122.24 Association and to the state Volunteer Firefighters Benefit Association in order to entitle  
 122.25 its firefighters to membership in and the benefits of these state associations;

122.26 (2) payment of the cost of purchasing and maintaining needed equipment for the fire  
 122.27 department; and

122.28 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings  
 122.29 or other premises to house the equipment of the fire department.

122.30 ~~(b) A~~ (c) If the municipality which is entitled to receive fire state aid, which has no  
 122.31 firefighters relief association directly associated with its fire department, which does not  
 122.32 participate in the statewide volunteer firefighter plan under chapter 353G, and which has  
 122.33 full-time firefighters with retirement coverage by the public employees police and fire

123.1 retirement plan or part-time firefighters with retirement coverage by the general employees  
 123.2 retirement plan or both full-time and part-time firefighters with the applicable retirement  
 123.3 coverage, the municipality may disburse the fire state aid as:

123.4 (1) as provided in paragraph (a); (b);

123.5 (2) for the payment of the employer contribution requirement with respect to contributions  
 123.6 under section 353.65, subdivision 3, for any firefighters covered by the public employees  
 123.7 police and fire retirement plan under section 353.65, subdivision 3;

123.8 (3) for the payment of employer contributions for any firefighters covered by the general  
 123.9 employees retirement plan under section 353.27, subdivisions 3 and 3a; or

123.10 (4) for a combination of the two types of disbursements payments authorized under  
 123.11 clauses (1) to (3).

123.12 ~~(e)~~ (d) A municipality that has no firefighters relief association directly associated with  
 123.13 it and that participates in the statewide volunteer firefighter plan under chapter 353G shall  
 123.14 transmit any fire state aid that it receives to the statewide volunteer firefighter fund.

123.15 Sec. 5. Minnesota Statutes 2024, section 477B.02, subdivision 3, is amended to read:

123.16 Subd. 3. **Benefits requirements.** (a) The fire department must:

123.17 (1) be associated with a firefighters relief association that provides retirement benefits;

123.18 (2) participate in and have firefighters receiving credit for service toward a retirement  
 123.19 benefit under the statewide volunteer firefighter plan;

123.20 (3) have retirement coverage under the public employees police and fire retirement plan  
 123.21 or the Public Employees Retirement Association general employees retirement plan for the  
 123.22 fire department's full-time firefighters, as defined in section 299N.03, subdivision 5, or the  
 123.23 fire department's part-time firefighters, or the fire department's both full-time firefighters  
 123.24 and part-time firefighters; or

123.25 (4) satisfy either clauses (1) and (3) or clauses (2) and (3).

123.26 (b) For purposes of retirement benefits, a fire department may be associated with only  
 123.27 one firefighters relief association or one account in the statewide firefighters retirement plan  
 123.28 at one time.

123.29 (c) Notwithstanding paragraph (a), a municipality without a relief association as described  
 123.30 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other  
 123.31 requirements of this section are met.

124.1 Sec. 6. Minnesota Statutes 2024, section 477B.02, subdivision 8, is amended to read:

124.2 Subd. 8. **PERA certification to commissioner.** (a) On or before February 1 each year,  
 124.3 the executive director of the Public Employees Retirement Association must certify to the  
 124.4 commissioner the fire departments that transferred retirement coverage to, or terminated  
 124.5 participation in, the ~~voluntary~~ statewide volunteer firefighter retirement plan since the  
 124.6 previous certification under this paragraph. This certification must include the number of  
 124.7 active ~~volunteer~~ firefighters under section 477B.03, subdivision 5, paragraph (e).

124.8 (b) On or before February 1 each year, the executive director of the Public Employees  
 124.9 Retirement Association must certify to the commissioner:

124.10 (1) the fire departments that participate in the statewide volunteer firefighter plan and  
 124.11 have no firefighters receiving credit for service toward a retirement benefit under the  
 124.12 statewide volunteer firefighter plan; and

124.13 (2) the fire departments that employ part-time firefighters who are covered by the general  
 124.14 employees retirement plan.

124.15 Sec. 7. Minnesota Statutes 2024, section 477B.03, subdivision 5, is amended to read:

124.16 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
 124.17 allocation amount is the amount derived from any additional funding amount to support a  
 124.18 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
 124.19 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
 124.20 corporations with ~~volunteer~~ firefighters' relief associations or covered by the statewide  
 124.21 volunteer firefighter plan. The amount is based on the number of active ~~volunteer~~ firefighters  
 124.22 who are (1) members of the relief association as reported to the Office of the State Auditor  
 124.23 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)  
 124.24 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

124.25 (b) For relief associations established in calendar year 1993 or a prior year, the number  
 124.26 of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who were  
 124.27 members of the relief association as reported in the annual financial reporting for calendar  
 124.28 year 1993, but not to exceed 30 active ~~volunteer~~ firefighters.

124.29 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
 124.30 the number of active ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters  
 124.31 who were members of the relief association as reported in the annual financial reporting for  
 124.32 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active ~~volunteer~~  
 124.33 firefighters.

125.1 (d) For relief associations established after calendar year 1999, the number of active  
 125.2 ~~volunteer~~ firefighters equals the number of active ~~volunteer~~ firefighters who are members  
 125.3 of the relief association as reported in the first annual financial reporting submitted to the  
 125.4 Office of the State Auditor, but not to exceed 20 active ~~volunteer~~ firefighters.

125.5 (e) For a municipality or independent nonprofit firefighting corporation that is providing  
 125.6 retirement coverage for ~~volunteer~~ firefighters by the statewide volunteer firefighter plan  
 125.7 under chapter 353G, the number of active ~~volunteer~~ firefighters equals the number of active  
 125.8 ~~volunteer~~ firefighters of the municipality or independent nonprofit firefighting corporation  
 125.9 covered by the statewide plan as certified by the executive director of the Public Employees  
 125.10 Retirement Association to the commissioner and the state auditor within 30 days of the date  
 125.11 the municipality or independent nonprofit firefighting corporation begins coverage in the  
 125.12 plan, but not to exceed 30 active firefighters.

125.13 Sec. 8. Minnesota Statutes 2024, section 477B.03, subdivision 7, is amended to read:

125.14 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
 125.15 ~~fire~~ firefighter relief association, or the statewide volunteer firefighter plan may object to  
 125.16 the amount of fire state aid apportioned to it by filing a written request with the commissioner  
 125.17 to review and adjust the apportionment of funds within the state. The objection of a  
 125.18 municipality, an independent nonprofit firefighting corporation, a ~~fire~~ firefighter relief  
 125.19 association, or the ~~voluntary~~ statewide volunteer firefighter retirement plan must be filed  
 125.20 with the commissioner within 60 days of the date the amount of apportioned fire state aid  
 125.21 is paid. The decision of the commissioner is subject to appeal, review, and adjustment by  
 125.22 the district court in the county in which the applicable municipality or independent nonprofit  
 125.23 firefighting corporation is located or by the Ramsey County District Court with respect to  
 125.24 the statewide volunteer firefighter plan.

125.25 Sec. 9. Minnesota Statutes 2024, section 477B.04, subdivision 3, is amended to read:

125.26 Subd. 3. **Deposit of state aid.** (a) This paragraph applies if the municipality or the  
 125.27 independent nonprofit firefighting corporation ~~is~~ has firefighters covered by the statewide  
 125.28 volunteer firefighter plan. If this paragraph applies and the executive director of the Public  
 125.29 Employees Retirement Association has not approved an aid allocation plan under section  
 125.30 477B.041, the executive director must credit the fire state aid against future municipal  
 125.31 contribution requirements under section 353G.08 and must notify the municipality or the  
 125.32 independent nonprofit firefighting corporation of the fire state aid so credited at least  
 125.33 annually. If this paragraph applies and the executive director has approved an aid allocation

126.1 plan under section 477B.041, the executive director must allocate fire state aid in the manner  
126.2 described under section 477B.041.

126.3 (b) If (1) the municipality or the independent nonprofit firefighting corporation ~~is~~ does  
126.4 not have firefighters covered by the statewide volunteer firefighter plan and is affiliated  
126.5 with a duly incorporated firefighters relief association, (2) the relief association has filed a  
126.6 financial report with the municipality pursuant to section 424A.014, subdivision 1 or 2,  
126.7 whichever applies, and (3) there is not an aid allocation agreement under section 477B.042  
126.8 in effect, then the treasurer of the municipality must, within 30 days after receipt, transmit  
126.9 the fire state aid to the treasurer of the relief association. If clauses (1) and (2) are satisfied  
126.10 and there is an aid allocation agreement under section 477B.042 in effect, then fire state aid  
126.11 must be transmitted as described in that section. If the relief association has not filed a  
126.12 financial report with the municipality, then, regardless of whether an aid allocation agreement  
126.13 is in effect, the treasurer of the municipality must delay transmission of the fire state aid to  
126.14 the relief association until the complete financial report is filed.

126.15 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal  
126.16 treasury if (1) the municipality or independent nonprofit firefighting corporation ~~is~~ does not  
126.17 have firefighters covered by the statewide volunteer firefighter plan, (2) there is no relief  
126.18 association organized, (3) the association has dissolved, or (4) the association has been  
126.19 removed as trustees of state aid. The money may be disbursed from the municipal treasury  
126.20 only for the purposes and in the manner set forth in section 424A.08 or for the payment of  
126.21 the employer contribution requirement with respect to firefighters covered by the public  
126.22 employees police and fire retirement plan under section 353.65, subdivision 3.

126.23 Sec. 10. Minnesota Statutes 2024, section 477B.04, subdivision 4, is amended to read:

126.24 Subd. 4. **Aid amount corrections.** (a) ~~An~~ The commissioner must make any adjustment  
126.25 needed to correct a fire state aid overpayment or underpayment due to a clerical error ~~must~~  
126.26 ~~be made~~ to subsequent fire state aid payments as provided in paragraphs (b) and (c). The  
126.27 commissioner's authority to correct an aid payment under this subdivision is limited to three  
126.28 years after the payment was issued.

126.29 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
126.30 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
126.31 corporation is to receive by the amount overpaid over a period of no more than three years.  
126.32 If an overpayment equals or is less than ten percent of the most recently paid aid amount,  
126.33 the commissioner must reduce the next aid payment occurring in 30 days or more by the  
126.34 amount overpaid.

127.1 (c) In the event of an underpayment, the commissioner must distribute the amount of  
127.2 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
127.3 a period of no more than three years. An additional distribution to a municipality or  
127.4 independent nonprofit firefighting corporation must be paid from the general fund and must  
127.5 not diminish the payments made to other municipalities or independent nonprofit firefighting  
127.6 corporations under this chapter.

127.7 Sec. 11. EFFECTIVE DATE.

127.8 Sections 1 to 10 are effective beginning with aids payable in 2026.

## 127.9 ARTICLE 22

### 127.10 STATE BOARD OF INVESTMENT

127.11 Section 1. Minnesota Statutes 2024, section 11A.07, subdivision 4, is amended to read:

127.12 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

127.13 (1) plan, direct, coordinate, and execute administrative and investment functions in  
127.14 conformity with the policies and directives of the state board and the requirements of this  
127.15 chapter and of chapter 356A;

127.16 (2) prepare and submit biennial and annual budgets to the board and with the approval  
127.17 of the board submit the budgets to the Department of Management and Budget;

127.18 (3) employ professional and clerical staff as necessary;

127.19 (4) report to the state board on all operations under the director's control and supervision;

127.20 (5) maintain accurate and complete records of securities transactions and official  
127.21 activities;

127.22 (6) establish a policy, which is subject to state board approval, relating to the purchase  
127.23 and sale of securities on the basis of competitive offerings or bids;

127.24 (7) cause securities acquired to be kept in the custody of the commissioner of management  
127.25 and budget or other depositories consistent with chapter 356A, as the state board deems  
127.26 appropriate;

127.27 (8) prepare and file with the director of the Legislative Reference Library, ~~by December~~  
127.28 ~~31 of each year,~~ a report summarizing the activities of the state board, the council, and the  
127.29 director during the preceding fiscal year;

128.1 (9) include on the state board's website its annual report and an executive summary of  
 128.2 its quarterly reports;

128.3 (10) require state officials from any department or agency to produce and provide access  
 128.4 to any financial documents the state board deems necessary in the conduct of its investment  
 128.5 activities;

128.6 (11) receive and expend legislative appropriations; and

128.7 (12) undertake any other activities necessary to implement the duties and powers set  
 128.8 forth in this subdivision consistent with chapter 356A.

128.9 Sec. 2. Minnesota Statutes 2024, section 11A.07, subdivision 4b, is amended to read:

128.10 Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must  
 128.11 include an executive summary, must be prepared and filed after the completion of the  
 128.12 applicable fiscal year audit but no later than March 31 of each year, and must be prepared  
 128.13 so as to provide the legislature and the people of the state with:

128.14 (1) a clear, comprehensive summary of the portfolio composition, the transactions, the  
 128.15 total annual rate of return, and the yield to the state treasury and to each of the funds with  
 128.16 assets invested by the state board; and

128.17 (2) the recipients of business placed or commissions allocated among the various  
 128.18 commercial banks, investment bankers, money managers, and brokerage organizations and  
 128.19 the amount of these commissions or other fees.

128.20 Sec. 3. **REPEALER.**

128.21 Minnesota Statutes 2024, section 11A.27, is repealed.

128.22 Sec. 4. **EFFECTIVE DATE.**

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

## 128.24 **ARTICLE 23**

### 128.25 **MISCELLANEOUS TECHNICAL CORRECTIONS**

128.26 Section 1. Minnesota Statutes 2024, section 124E.12, subdivision 4, is amended to read:

128.27 Subd. 4. **Teacher and other employee retirement.** (a) Teachers in a charter school  
 128.28 must be public school teachers for the purposes of chapters 354 and 354A ~~governing the~~  
 128.29 ~~Teacher Retirement Act.~~

129.1 (b) Except for teachers under paragraph (a), employees in a charter school must be public  
 129.2 employees for the purposes of chapter 353 ~~governing the Public Employees Retirement~~  
 129.3 ~~Act.~~

129.4 Sec. 2. Minnesota Statutes 2024, section 124E.12, subdivision 6, is amended to read:

129.5 Subd. 6. **Leave to teach in a charter school.** If a teacher employed by a district makes  
 129.6 a written request for an extended leave of absence to teach at a charter school, the district  
 129.7 must grant the leave. The district must grant a leave not to exceed a total of five years. Any  
 129.8 request to extend the leave shall be granted only at the discretion of the school board. The  
 129.9 district may require a teacher to make the request for a leave or extension of leave before  
 129.10 February 1 in the school year preceding the school year in which the teacher intends to  
 129.11 leave, or February 1 of the calendar year in which the teacher's leave is scheduled to  
 129.12 terminate. Except as otherwise provided in this subdivision and section 122A.46, subdivision  
 129.13 7, governing employment in another district, the leave is governed by section 122A.46,  
 129.14 including, but not limited to, reinstatement, notice of intention to return, seniority, salary,  
 129.15 and insurance.

129.16 During a leave, the teacher may continue to ~~aggregate benefits and credits~~ earn service  
 129.17 and salary credit toward a pension in the Teachers' Retirement Association account or the  
 129.18 St. Paul Teachers Retirement Fund Association under chapters 354 and 354A, respectively,  
 129.19 consistent with subdivision 4.

129.20 Sec. 3. Minnesota Statutes 2024, section 181.101, is amended to read:

129.21 **181.101 WAGES; HOW OFTEN PAID.**

129.22 (a) Except as provided in paragraph (b), every employer must pay all wages, including  
 129.23 salary, earnings, and gratuities earned by an employee at least once every 31 days and all  
 129.24 commissions earned by an employee at least once every three months, on a regular payday  
 129.25 designated in advance by the employer regardless of whether the employee requests payment  
 129.26 at longer intervals. Unless paid earlier, the wages earned during the first half of the first  
 129.27 31-day pay period become due on the first regular payday following the first day of work.  
 129.28 If wages or commissions earned are not paid, the commissioner of labor and industry or the  
 129.29 commissioner's representative may serve a demand for payment on behalf of an employee.  
 129.30 In addition to other remedies under section 177.27, if payment of wages is not made within  
 129.31 ten days of service of the demand, the commissioner may charge and collect the wages  
 129.32 earned at the employee's rate or rates of pay or at the rate or rates required by law, including  
 129.33 any applicable statute, regulation, rule, ordinance, government resolution or policy, contract,

130.1 or other legal authority, whichever rate of pay is greater, and a penalty in the amount of the  
 130.2 employee's average daily earnings at the same rate or rates for each day beyond the ten-day  
 130.3 limit following the demand. If payment of commissions is not made within ten days of  
 130.4 service of the demand, the commissioner may charge and collect the commissions earned  
 130.5 and a penalty equal to 1/15 of the commissions earned but unpaid for each day beyond the  
 130.6 ten-day limit. Money collected by the commissioner must be paid to the employee concerned.  
 130.7 This section does not prevent an employee from prosecuting a claim for wages. This section  
 130.8 does not prevent a school district, other public school entity, or other school, as defined  
 130.9 under section 120A.22, from paying any wages earned by its employees during a school  
 130.10 year on regular paydays in the manner provided by an applicable contract or collective  
 130.11 bargaining agreement, or a personnel policy adopted by the governing board. For purposes  
 130.12 of this section, "employee" includes a person who performs agricultural labor as defined in  
 130.13 section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an  
 130.14 employee works. This section provides a substantive right for employees to the payment of  
 130.15 wages, including salary, earnings, and gratuities, as well as commissions, in addition to the  
 130.16 right to be paid at certain times.

130.17 (b) An employer of a volunteer or paid on-call firefighter, as defined in section 424A.001,  
 130.18 subdivision 10, a member of an organized first responder squad that is formally recognized  
 130.19 by a political subdivision in the state, or a volunteer ambulance driver or attendant must  
 130.20 pay all wages earned by the volunteer firefighter, first responder, or volunteer ambulance  
 130.21 driver or attendant at least once every 31 days, unless the employer and the employee  
 130.22 mutually agree upon payment at longer intervals.

130.23 Sec. 4. Minnesota Statutes 2024, section 356.633, subdivision 1, is amended to read:

130.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 130.25 the meanings given.

130.26 (b) "Covered retirement plan" means a pension or retirement plan listed in section  
 130.27 356.611, subdivision 6, and the Minnesota deferred compensation plan established under  
 130.28 section 352.965.

130.29 ~~(b)~~ (c) "Distributee" means:

130.30 (1) a member of or participant in a covered retirement plan ~~listed in section 356.611,~~  
 130.31 ~~subdivision 6;~~

130.32 (2) the surviving spouse of a member of or participant in a covered retirement plan;

131.1 (3) the former spouse of ~~the~~ a member of or participant in a covered retirement plan who  
 131.2 is the alternate payee under a qualified domestic relations order as defined in section 414(p)  
 131.3 of the Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution  
 131.4 of marital property, as provided in section 518.58; or

131.5 (4) a nonspousal beneficiary of a member of or participant in a covered retirement plan  
 131.6 who qualifies for a distribution under the plan and is a designated beneficiary as defined in  
 131.7 section 401(a)(9)(E) of the Internal Revenue Code.

131.8 ~~(e)~~ (d) "Eligible retirement plan" means:

131.9 (1) an individual retirement account under section 408(a) or 408A of the Internal Revenue  
 131.10 Code;

131.11 (2) an individual retirement annuity plan under section 408(b) of the Internal Revenue  
 131.12 Code;

131.13 (3) an annuity plan under section 403(a) of the Internal Revenue Code;

131.14 (4) a qualified trust plan under section 401(a) of the Internal Revenue Code that accepts  
 131.15 ~~the distributee's eligible rollover distribution~~ distributions;

131.16 (5) an annuity contract under section 403(b) of the Internal Revenue Code;

131.17 (6) an eligible deferred compensation plan under section 457(b) of the Internal Revenue  
 131.18 Code, ~~which~~ including the Minnesota deferred compensation plan, that is maintained by a  
 131.19 state or local government, accepts eligible rollover distributions, and which agrees to  
 131.20 separately account for the amounts transferred into the plan;

131.21 ~~(7) in the case of an eligible rollover distribution to a~~ if the distributee is a surviving  
 131.22 spouse or nonspousal beneficiary, an individual account or annuity treated as an inherited  
 131.23 individual retirement account under section 402(c)(11) of the Internal Revenue Code; or

131.24 (8) a savings incentive match plan for employees of small employers (SIMPLE) individual  
 131.25 retirement account under section 408(p) of the Internal Revenue Code, provided that the  
 131.26 rollover distribution is made after the two-year period beginning on the date the distributee  
 131.27 first participated in any qualified salary reduction arrangement maintained by the distributee's  
 131.28 employer under section 408(p)(2) of the Internal Revenue Code, as described in section  
 131.29 72(t)(6) of the Internal Revenue Code.

131.30 ~~(d)~~ (e) "Eligible rollover distribution" means any distribution of all or any portion of the  
 131.31 balance to the credit of the distributee. An eligible rollover distribution does not include:

132.1 (1) a distribution that is one of a series of substantially equal periodic payments,  
 132.2 receivable annually or more frequently, that is made for the life or life expectancy of the  
 132.3 distributee, the joint lives or joint life expectancies of the distributee and the distributee's  
 132.4 designated beneficiary, or for a specified period of ten years or more;

132.5 (2) a distribution that is required under section 401(a)(9) of the Internal Revenue Code;  
 132.6 ~~or~~

132.7 (3) a distribution that is less than \$200; or

132.8 ~~(3)~~ (4) any other exception required by law or the Internal Revenue Code.

132.9 Sec. 5. Minnesota Statutes 2024, section 356.633, subdivision 2, is amended to read:

132.10 Subd. 2. **Right to elect direct rollover.** Except as provided in subdivision 3 for after-tax  
 132.11 contributions, a distributee may elect, at the time and in the manner prescribed by the plan  
 132.12 administrator, to have all or any portion of an eligible rollover distribution from a covered  
 132.13 retirement plan paid directly to an eligible retirement plan as specified by the distributee.

132.14 Sec. 6. Minnesota Statutes 2024, section 356.633, is amended by adding a subdivision to  
 132.15 read:

132.16 Subd. 4. **Notice.** A covered retirement plan must provide the distributee of an eligible  
 132.17 rollover distribution from the covered retirement plan with the notice required by section  
 132.18 402(f) of the Internal Revenue Code within the time period prior to making the eligible  
 132.19 rollover distribution, as required by regulations issued pursuant to section 402(f) of the  
 132.20 Internal Revenue Code.

132.21 Sec. 7. **[356.638] MILITARY SERVICE.**

132.22 A covered retirement plan as defined in section 356.633, subdivision 1, paragraph (b),  
 132.23 must require contributions and provide benefits, including death and disability benefits  
 132.24 under section 401(a)(37) of the Internal Revenue Code, and service credit with respect to  
 132.25 qualified military service according to section 414(u) of the Internal Revenue Code. If a  
 132.26 member dies while the member is performing qualified military service as defined in United  
 132.27 States Code, title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal  
 132.28 Revenue Code, survivors of the member are entitled to any additional benefits that the  
 132.29 covered retirement plan would have provided if the member had resumed employment and  
 132.30 then died, including but not limited to accelerated vesting or survivor benefits that are  
 132.31 contingent on the member's death while employed. A deceased member's period of qualified  
 132.32 military service must be counted for vesting purposes.

133.1 Sec. 8. Minnesota Statutes 2024, section 424B.22, subdivision 1, is amended to read:

133.2 Subdivision 1. **Application.** (a) Notwithstanding any laws to the contrary, this section  
133.3 applies to:

133.4 (1) the termination of a retirement plan established and administered by a relief  
133.5 association, whether or not the relief association is also dissolved or eliminated; and

133.6 (2) the dissolution of a relief association that is not consolidating with another relief  
133.7 association under sections 424B.01 to 424B.10.

133.8 (b) This section does not apply to the dissolution of a relief association or the termination  
133.9 of a retirement plan that occurs due to the change in retirement coverage from a retirement  
133.10 plan administered by a relief association to the Public Employees Retirement Association  
133.11 statewide volunteer firefighter plan under section 353G.06.

133.12 ~~(b) To terminate a retirement plan, the board of trustees must comply with subdivisions~~  
133.13 ~~3, 5 to 11, and, if desired, subdivision 4.~~

133.14 ~~(c) To dissolve a relief association, the board of trustees of the relief association must:~~

133.15 ~~(1) terminate the retirement plan in accordance with paragraph (b);~~

133.16 ~~(2) determine all legal obligations of the special and general funds of the relief association,~~  
133.17 ~~as required by subdivision 5;~~

133.18 ~~(3) take the actions required by subdivision 12; and~~

133.19 ~~(4) comply with the requirements governing dissolution of nonprofit corporations under~~  
133.20 ~~chapter 317A.~~

133.21 ~~(d) A relief association that terminates its retirement plan must liquidate its special fund~~  
133.22 ~~as provided in subdivision 8, but need not liquidate its general fund if the relief association~~  
133.23 ~~is not being dissolved.~~

133.24 Sec. 9. Minnesota Statutes 2024, section 424B.22, is amended by adding a subdivision to  
133.25 read:

133.26 Subd. 1a. **Voluntary dissolution and termination.** (a) To terminate a retirement plan,  
133.27 the board of trustees must comply with subdivisions 3, 5 to 11, and, if desired, subdivision  
133.28 4.

133.29 (b) To dissolve a relief association, the board of trustees of the relief association must:

133.30 (1) terminate the retirement plan in accordance with paragraph (a);

134.1 (2) determine all legal obligations of the special and general funds of the relief association,  
 134.2 as required by subdivision 5;

134.3 (3) take the actions required by subdivision 12; and

134.4 (4) comply with the requirements governing dissolution of nonprofit corporations under  
 134.5 chapter 317A.

134.6 (c) A relief association that terminates its retirement plan must liquidate its special fund  
 134.7 as provided in subdivision 8, but need not liquidate its general fund if the relief association  
 134.8 is not being dissolved.

134.9 Sec. 10. Minnesota Statutes 2024, section 424B.22, subdivision 2, is amended to read:

134.10 Subd. 2. **Involuntary dissolution and termination.** (a) A relief association is dissolved  
 134.11 and the retirement plan administered by the relief association is terminated automatically  
 134.12 if:

134.13 (1) the fire department affiliated with a relief association is dissolved by action of the  
 134.14 governing body of the municipality in which the fire department is located or by the  
 134.15 governing body of the independent nonprofit firefighting corporation, whichever applies;  
 134.16 ~~or~~

134.17 (2) the fire department affiliated with a relief association has terminated the employment  
 134.18 or services of all active members of the relief association; or

134.19 (3) the governing body with which the fire department is affiliated has resolved to transfer  
 134.20 the fire department's active firefighters who are members of the relief association to one or  
 134.21 more pension plans established under chapter 353 and has filed the resolution, if applicable,  
 134.22 with the Public Employees Retirement Association, and the relief association's retirement  
 134.23 plan will have no remaining active firefighters earning service toward a retirement benefit  
 134.24 when the transfer is completed.

134.25 (b) An involuntary termination of a relief association under this subdivision is effective  
 134.26 on the December 31 that is at least eight months after the date on which the fire department  
 134.27 is dissolved or the termination of employment or services of all active members of the relief  
 134.28 association occurs.

134.29 (c) The board of trustees must comply with subdivisions 3 and 5 to 12. The board of  
 134.30 trustees may comply with subdivision 4. The state auditor has the discretion to waive these  
 134.31 requirements if the board of trustees requests a waiver in advance and provides adequate  
 134.32 demonstration that meeting these requirements is not practicable.

135.1 ~~(e)~~ (d) The retirement plan administered by a relief association is terminated automatically  
 135.2 if the relief association is dissolved, effective on the date of the dissolution of the relief  
 135.3 association.

135.4 Sec. 11. Minnesota Statutes 2024, section 424B.22, subdivision 3, is amended to read:

135.5 Subd. 3. **Retirement plan termination date, full vesting, and forfeitures.** (a) Unless  
 135.6 subdivision 2 applies, the effective date of the termination of a retirement plan is the date  
 135.7 approved by the board of trustees of the relief association. If the board of trustees does not  
 135.8 approve a termination date, the effective date of the termination of a retirement plan is the  
 135.9 effective date of the dissolution of the relief association or, if the relief association is not  
 135.10 being dissolved, the end of the calendar year in which the termination of employment or  
 135.11 services of all active members of the relief association occurs.

135.12 (b) ~~As of the earlier of the retirement plan termination date or the date on which the~~  
 135.13 ~~termination of employment or services of all active members of the relief association occurs~~  
 135.14 ~~required by section 356.001, subdivision 3, each participant becomes fully (100 percent)~~  
 135.15 ~~member must become 100 percent vested in the participant's member's retirement benefit~~  
 135.16 ~~under accrued and funded to the earlier of the retirement plan termination date or the date~~  
 135.17 ~~on which the termination of employment or services of all active members of the relief~~  
 135.18 ~~association occurs, notwithstanding any bylaws or laws to the contrary, except for. For~~  
 135.19 ~~purposes of this paragraph:~~

135.20 (1) "member" does not mean any retiree in pay status who is receiving a monthly service  
 135.21 pension from a relief association described in section 424A.093; and

135.22 (2) crediting of interest on deferred service pensions under the terms of the bylaws of a  
 135.23 defined benefit relief association and section 424A.02, subdivision 7, ends on the retirement  
 135.24 plan termination date.

135.25 (c) If the relief association is a defined contribution relief association, the account of  
 135.26 each participant who becomes 100 percent vested under paragraph (b) shall include an  
 135.27 allocation of any forfeiture that is required, under the bylaws of the relief association, to  
 135.28 occur on or as of the end of the calendar year during which the termination of the retirement  
 135.29 plan is effective, if the participant is entitled to an allocation of forfeitures under the bylaws.  
 135.30 Any account so forfeited shall not be included in the retirement benefits that become 100  
 135.31 percent vested under paragraph (b).

136.1 Sec. 12. **REPEALER.**

136.2 Minnesota Statutes 2024, section 356.635, subdivision 9, is repealed.

136.3 Sec. 13. **EFFECTIVE DATE.**

136.4 Sections 1 to 12 are effective the day following final enactment.

APPENDIX  
Article locations for S2884-2

ARTICLE 1	MINNESOTA STATE RETIREMENT SYSTEM.....	Page.Ln 2.23
ARTICLE 2	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.....	Page.Ln 5.24
ARTICLE 3	PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN.....	Page.Ln 16.29
ARTICLE 4	PERA PRIVATIZATION.....	Page.Ln 21.8
ARTICLE 5	MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP .....	Page.Ln 31.1
ARTICLE 6	HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN....	Page.Ln 46.20
ARTICLE 7	STATE AUDITOR'S FIRE RELIEF ASSOCIATION WORKING GROUP.....	Page.Ln 48.15
ARTICLE 8	FIREFIGHTERS RELIEF ASSOCIATIONS.....	Page.Ln 60.4
ARTICLE 9	MINNESOTA SECURE CHOICE RETIREMENT PROGRAM.....	Page.Ln 61.11
ARTICLE 10	PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES; CORRECTION OF ERRORS.....	Page.Ln 71.26
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ARTICLE 12	DIRECT STATE AID FOR PUBLIC SAFETY PLANS.....	Page.Ln 83.13
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ARTICLE 14	APPROPRIATIONS FOR TEACHERS RETIREMENT ASSOCIATION.....	Page.Ln 91.10
ARTICLE 15	DUTY DISABILITY BENEFITS AND CONTINUATION OF HEALTH COVERAGE FOR PEACE OFFICERS AND FIREFIGHTERS.....	Page.Ln 92.5
ARTICLE 16	PUBLIC PENSION PLANS: MODIFYING THE CIRCUMSTANCES FOR TERMINATING STATE AID AND SUPPLEMENTAL EMPLOYER CONTRIBUTIONS.....	Page.Ln 102.13
ARTICLE 17	WORK GROUP ON PENSION PLANS FOR PROBATION OFFICERS AND 911 TELECOMMUNICATORS.....	Page.Ln 105.13
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ARTICLE 22	STATE BOARD OF INVESTMENT.....	Page.Ln 127.9
ARTICLE 23	MISCELLANEOUS TECHNICAL CORRECTIONS.....	Page.Ln 128.24

APPENDIX  
Repealed Minnesota Statutes: S2884-2

No active language found for: 11A.27

No active language found for: 352.91.1

No active language found for: 352.91.2

No active language found for: 352.91.2a

No active language found for: 352.91.3c

No active language found for: 352.91.3d

No active language found for: 352.91.3e

No active language found for: 352.91.3f

No active language found for: 352.91.3g

No active language found for: 352.91.3h

No active language found for: 352.91.3i

No active language found for: 352.91.3j

No active language found for: 352.91.4a

No active language found for: 352.91.4b

No active language found for: 352.91.4c

No active language found for: 352.91.6

**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.**

No active language found for: 356.635.9

**356A.06 INVESTMENTS; ADDITIONAL DUTIES.**

No active language found for: 356A.06.5

**424A.015 GENERALLY APPLICABLE FIREFIGHTERS RELIEF ASSOCIATION PENSION PLAN REGULATION.**

No active language found for: 424A.015.5