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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3449

02/19/2026 Authored by Koegel and Fischer
The bill was read for the first time and referred to the Committee on State Government Finance and Policy

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System; permitting legislators
1.3 to elect coverage by the general state employees retirement plan; amending
1.4 Minnesota Statutes 2024, sections 352.01, subdivision 2a; 352D.02, subdivisions
1.5 1, 3.

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

1.7 Section 1. Minnesota Statutes 2024, section 352.01, subdivision 2a, is amended to read:

1.8 Subd. 2a. Included employees. (a) "State employee" includes:

1.9 (1) employees of the Minnesota Historical Society;

1.10 (2) employees of the State Horticultural Society;

1.11 (3) employees of the Minnesota Crop Improvement Association;

1.12 (4) employees of the adjutant general whose salaries are paid from federal funds and
1.13 who are not covered by any federal civilian employees retirement system;

1.14 (5) employees of the Minnesota State Colleges and Universities who are employed under
1.15 the university or college activities program;

1.16 (6) currently contributing employees covered by the system who are temporarily
1.17 employed by the legislature during a legislative session or any currently contributing
1.18 employee employed for any special service as defined in subdivision 2b, clause (6);

1.19 (7) employees of the legislature who are appointed without a limit on the duration of
1.20 their employment;

- 2.1 (8) trainees who are employed on a full-time established training program performing
2.2 the duties of the classified position for which they will be eligible to receive immediate
2.3 appointment at the completion of the training period;
- 2.4 (9) employees of the Minnesota Safety Council;
- 2.5 (10) any employees who are on authorized leave of absence from the Transit Operating
2.6 Division of the former Metropolitan Transit Commission and who are employed by the
2.7 labor organization which is the exclusive bargaining agent representing employees of the
2.8 Transit Operating Division;
- 2.9 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
2.10 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control
2.11 Commission unless excluded under subdivision 2b or are covered by another public pension
2.12 fund or plan under section 473.415, subdivision 3;
- 2.13 (12) judges of the Tax Court;
- 2.14 (13) personnel who were employed on June 30, 1992, by the University of Minnesota
2.15 in the management, operation, or maintenance of its heating plant facilities, whose
2.16 employment transfers to an employer assuming operation of the heating plant facilities, so
2.17 long as the person is employed at the University of Minnesota heating plant by that employer
2.18 or by its successor organization;
- 2.19 (14) personnel who are employed as seasonal employees in the classified or unclassified
2.20 service;
- 2.21 (15) persons who are employed by the Department of Commerce as a peace officer in
2.22 the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory
2.23 retirement age specified in section 43A.34, subdivision 4;
- 2.24 (16) employees of the University of Minnesota unless excluded under subdivision 2b,
2.25 clause (3);
- 2.26 (17) employees of the Middle Management Association whose employment began after
2.27 July 1, 2007, and to whom section 352.029 does not apply;
- 2.28 (18) employees of the Minnesota Government Engineers Council to whom section
2.29 352.029 does not apply;
- 2.30 (19) employees of the Minnesota Sports Facilities Authority;
- 2.31 (20) employees of the Minnesota Association of Professional Employees;
- 2.32 (21) employees of the Minnesota State Retirement System;

3.1 (22) employees of the State Agricultural Society;

3.2 (23) employees of the Gillette Children's Hospital Board who were employed in the
3.3 state unclassified service at the former Gillette Children's Hospital on March 28, 1974;

3.4 (24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota,
3.5 employees of Conservation Corps Minnesota so employed on June 30, 2003; ~~and~~

3.6 (25) employees of the Perpich Center for Arts Education who are covered by the general
3.7 state employees retirement plan of the Minnesota State Retirement System as of July 1,
3.8 2016-; and

3.9 (26) members of the legislature who elect under section 352D.02, subdivision 3, to be
3.10 covered by the general state employees retirement plan.

3.11 (b) Employees specified in paragraph (a), clause (13), are included employees under
3.12 paragraph (a) if employer and employee contributions are made in a timely manner in the
3.13 amounts required by section 352.04. Employee contributions must be deducted from salary.
3.14 Employer contributions are the sole obligation of the employer assuming operation of the
3.15 University of Minnesota heating plant facilities or any successor organizations to that
3.16 employer.

3.17 Sec. 2. Minnesota Statutes 2024, section 352D.02, subdivision 1, is amended to read:

3.18 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3),
3.19 (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
3.20 Metropolitan Council and are eligible for coverage under the general state employees
3.21 retirement plan under chapter 352, are participants in the unclassified program under this
3.22 chapter.

3.23 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
3.24 program under this chapter unless the person was eligible to elect different coverage under
3.25 section 3A.07 and elected retirement coverage by the applicable alternative retirement plan
3.26 or elected general state employees retirement plan coverage under subdivision 3. Persons
3.27 referenced in paragraph (c), clause (15), are participants in the unclassified program under
3.28 this chapter for judicial employment in excess of the service credit limit in section 490.121,
3.29 subdivision 22.

3.30 (c) Enumerated employees and referenced persons are:

3.31 (1) the governor, the lieutenant governor, the secretary of state, the state auditor, and
3.32 the attorney general;

4.1 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State,
4.2 State Auditor, Attorney General;

4.3 (3) an employee of the State Board of Investment;

4.4 (4) the head of a department, division, or agency created by statute in the unclassified
4.5 service, an acting department head subsequently appointed to the position, or an employee
4.6 enumerated in section 15A.0815 or 15A.083, subdivision 4;

4.7 (5) a member of the legislature;

4.8 (6) an unclassified employee of the legislature or a commission or agency of the
4.9 legislature who is appointed without a limit on the duration of the employment or a temporary
4.10 legislative employee having shares in the supplemental retirement fund as a result of former
4.11 employment covered by this chapter, whether or not eligible for coverage under the
4.12 Minnesota State Retirement System;

4.13 (7) a person who is employed in a position established under section 43A.08, subdivision
4.14 1, clause (3), or in a position authorized under a statute creating or establishing a department
4.15 or agency of the state, which is at the deputy or assistant head of department or agency or
4.16 director level;

4.17 (8) the regional administrator, or executive director of the Metropolitan Council, general
4.18 counsel, division directors, operations managers, and other positions as designated by the
4.19 council, all of which may not exceed 27 positions at the council and the chair;

4.20 (9) the commissioner, deputy commissioner, and not to exceed nine positions of the
4.21 Minnesota Office of Higher Education in the unclassified service, as designated by the
4.22 Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated
4.23 with the approval of the board of directors of the Minnesota State Retirement System, unless
4.24 the person has elected coverage by the individual retirement account plan under chapter
4.25 354B;

4.26 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
4.27 Constitution of the state of Minnesota, the state court administrator and judicial district
4.28 administrators;

4.29 (11) the chief executive officers of correctional facilities operated by the Department of
4.30 Corrections and of hospitals and nursing homes operated by Direct Care and Treatment;

4.31 (12) an employee whose principal employment is at the state ceremonial house;

4.32 (13) an employee of the Agricultural Utilization Research Institute;

5.1 (14) an employee of the State Lottery who is covered by the managerial plan established
5.2 under section 43A.18, subdivision 3;

5.3 (15) a judge who has exceeded the service credit limit in section 490.121, subdivision
5.4 22;

5.5 (16) an employee of Enterprise Minnesota, Inc.;

5.6 (17) a person employed by the Minnesota State Colleges and Universities as faculty or
5.7 in an eligible unclassified administrative position as defined in section 354B.20, subdivision
5.8 6, who was employed by the former state university or the former community college system
5.9 before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

5.10 (18) a person employed by the Minnesota State Colleges and Universities who was
5.11 employed in state service before July 1, 1995, who subsequently is employed in an eligible
5.12 unclassified administrative position as defined in section 354B.20, subdivision 6, and who
5.13 elects coverage by the unclassified program.

5.14 Sec. 3. Minnesota Statutes 2024, section 352D.02, subdivision 3, is amended to read:

5.15 Subd. 3. **Transfer to general employees retirement plan.** (a) A person in the
5.16 unclassified program and referred to in subdivision 1, paragraph (c), clauses (2) to ~~(4), (6)~~
5.17 ~~to~~ (14), and (16) to (18), may elect to terminate participation in the unclassified program
5.18 and be covered by the general state employees retirement plan if the person files an election
5.19 to transfer to the general state employees retirement plan with the executive director of the
5.20 Minnesota State Retirement System as provided in paragraph (b) and ~~the person's current~~
5.21 ~~employment or appointment:~~

5.22 (1) the person's current employment or appointment began before July 1, 2010, and the
5.23 person has at least ten years of covered employment; ~~or~~

5.24 (2) the person's current employment or appointment began after June 30, 2010, and the
5.25 person has no more than seven years of allowable service in the unclassified program; or

5.26 (3) the person is a member of the legislature.

5.27 (b) An election to transfer must be in writing, on a form provided by the executive
5.28 director, and delivered to the executive director:

5.29 (1) for persons described in paragraph (a), clause (1), no later than one month following
5.30 the termination of covered employment; ~~or~~

5.31 (2) for persons described in paragraph (a), clause (2), by the earlier of (i) the end of the
5.32 month following the termination of employment in a position covered by the unclassified

6.1 program, and (ii) the last day of the seventh year of allowable service in the unclassified
6.2 program; or

6.3 (3) for persons described in paragraph (a), clause (3), no later than one month following
6.4 the date the person ceased to be a member of the legislature for any reason, including but
6.5 not limited to the expiration of the term for which a member of the legislature was elected
6.6 or the death of the member.

6.7 For purposes of this chapter, ~~an employee~~ a person who does not file an election to
6.8 transfer with the executive director is deemed to have exercised the option to participate in
6.9 the unclassified program.

6.10 (c) If the transfer election is made, the executive director shall redeem the ~~employee's~~
6.11 person's total shares and credit to the ~~employee's~~ person's account in the general employees
6.12 retirement plan the amount of contributions that would have been credited had the ~~employee~~
6.13 person been covered by the general employees retirement plan during the ~~employee's~~ person's
6.14 entire covered employment. The balance of money redeemed and not credited to the
6.15 ~~employee's~~ person's account must be transferred to the general employees retirement plan,
6.16 except that the executive director must determine:

6.17 (1) the employee contributions paid to the unclassified program; and

6.18 (2) the employee contributions that would have been paid to the general employees
6.19 retirement plan for the comparable period, if the individual had been covered by that plan.

6.20 If clause (1) is greater than clause (2), the difference must be refunded to the ~~employee~~
6.21 person as provided in section 352.22. If clause (2) is greater than clause (1), the difference
6.22 must be paid by the ~~employee~~ person within six months of electing general employees
6.23 retirement plan coverage or before the effective date of the annuity, whichever is sooner.

6.24 (d) An election under this subdivision to transfer coverage to the general employees
6.25 retirement plan is irrevocable during any period of covered employment.

6.26 (e) A person referenced in subdivision 1, paragraph (c), clause (1), ~~(5),~~ or (15), who is
6.27 credited with employee shares in the unclassified program is not permitted to terminate
6.28 participation in the unclassified program and be covered by the general employees retirement
6.29 plan.

6.30 Sec. 4. **EFFECTIVE DATE.**

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