A bill for an act

relating to retirement; Minnesota State Retirement System; Public Employees Retirement Association; Teachers Retirement Association; restricting state employee postretirement program to conform with federal in-service distribution restrictions; increasing Teachers Retirement Association reemployed annuitant exempt income limit; revising reemployed annuitant account holding period in various plans to permit earlier receipt; revising Teachers Retirement Association strike period and leave of absence service credit purchase procedure; revising Minnesota State Retirement System and Public Employees Retirement Association leave of absence service credit purchase procedure; prohibiting Public Employees Retirement Association reemployed disabilitant from earning service credit unless disability payments are waived; clarifying correctional state employees retirement plan transfer of service credit procedures; making various other revisions of an administrative nature; amending Minnesota Statutes 2006, sections 352.22, subdivision 10; 352D.075, subdivision 2a; 353.01, subdivisions 10, 11a; 353.27, by adding a subdivision; 353D.05, subdivision 2; 354.05, subdivision 37; 354.33, subdivision 5; 354.44, subdivision 5; 356.47, subdivision 3; 356.551, subdivision 2; Minnesota Statutes 2007 Supplement, sections 43A.346, subdivision 2; 352.017, subdivision 2; 352.955, subdivisions 3, 5; 353.01, subdivision 2b; 353.0161, subdivision 2; 353.27, subdivision 14; 353F.02, subdivision 4; 354.096, subdivision 2; 354.72, subdivision 2; Laws 2002, chapter 392, article 2, section 4; Laws 2006, chapter 271, article 5, section 5; proposing coding for new law in Minnesota Statutes, chapter 353F; repealing Minnesota Statutes 2006, sections 354.44, subdivision 6a; 354.465; 354.51, subdivision 4; 354.55, subdivisions 2, 3, 6, 12, 15; 354A.091, subdivisions 1a, 1b; 355.629; Laws 2005, First Special Session chapter 8, article 1, section 23.

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

ARTICLE 1

POSTRETIREMENT OPTION REVISION

Section 1. Minnesota Statutes 2007 Supplement, section 43A.346, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) This section applies to a state or Metropolitan Council employee who:

(1) for at least the five years immediately preceding separation under clause (2), has been regularly scheduled to work 1,044 or more hours per year in a position covered by a pension plan administered by the Minnesota State Retirement System or the Public Employees Retirement Association;

(2) terminates state or Metropolitan Council employment;

(3) at the time of termination under clause (2), meets the age and service requirements necessary to receive an unreduced retirement annuity from the plan and satisfies requirements for the commencement of the retirement annuity or, for an employee under the unclassified employees retirement plan, meets the age and service requirements necessary to receive an unreduced retirement annuity from the plan and satisfies requirements for the commencement of the retirement annuity or elects a lump-sum payment; ~~and~~

(4) is at least age 62; and

(5) agrees to accept a postretirement option position with the same or a different appointing authority, working a reduced schedule that is both (i) a reduction of at least 25 percent from the employee's number of regularly scheduled work hours; and (ii) 1,044 hours or less in state or Metropolitan Council service.

(b) For purposes of this section, an unreduced retirement annuity includes a retirement annuity computed under a provision of law which permits retirement, without application of an earlier retirement reduction factor, whenever age plus years of allowable service total at least 90.

(c) For purposes of this section, the length of separation requirement under section 353.01, subdivision 28, paragraph (a), is not applicable.

ARTICLE 2
REVISED REEMPLOYED ANNUITANT TREATMENT

Section 1. Minnesota Statutes 2006, section 354.44, subdivision 5, is amended to read:

Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that all or a portion of the annuity payments must be ~~reduced~~ deferred during the calendar year immediately following any calendar year in which the person's ~~income~~ salary from the teaching service is in an amount greater than ~~the annual maximum earnings allowable for that age for the continued receipt of full benefit~~

~~amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403~~ $46,000. The amount of the ~~reduction must be~~ annuity deferral is one-half of the salary amount in excess of ~~the applicable reemployment income maximum specified in this subdivision~~ $46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. ~~If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.~~

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment ~~income~~ salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security ~~full~~ normal retirement age, no ~~reemployment income maximum~~ deferral is applicable regardless of the amount of ~~income~~ salary.

(d) The ~~amount of the~~ retirement annuity ~~reduction~~ deferral amount must be handled or disposed of as provided in section 356.47.

(e) For the purpose of this subdivision, ~~income~~ salary from teaching service includes, but is not limited to:

(1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2008.

Sec. 2. Minnesota Statutes 2006, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) ~~Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring~~ Beginning one year after the ~~termination of the~~ reemployment withholding period ends relating to the reemployment that gave rise to the limitation, ~~whichever is later,~~ and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) In lieu of the direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2008.

ARTICLE 3

TEACHERS RETIREMENT ASSOCIATION CLARIFICATION OF STRIKE PERIOD PROCEDURE

Section 1. Minnesota Statutes 2007 Supplement, section 354.72, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and formula service in the plan for a period specified in subdivision 1 if the teacher makes a payment as specified in paragraph (b) ~~or~~, (c), or (d), whichever applies. The employing unit, at its option, may pay the employer portion of the amount ~~specified in paragraph (b)~~ on behalf of its employees.

(b) If payment is received by the executive director ~~within one year from the end~~ by June 30 of the fiscal year of the strike period or authorized leave included under section 354.093, 354.095, or 354.096, ~~or~~ payment must equal the total employee and employer contribution rates, including amortization contribution rates if applicable, multiplied by the member's average monthly salary rate on the date the leave or strike period commenced, or for an extended leave under section 354.094, on the salary received during the year immediately preceding the initial year of the leave, multiplied by the months and portions of a month of the leave or strike period for which the teacher seeks allowable service credit.

(c) If payment is made after June 30 and before the following June 30 for a strike period or for leaves of absence under sections 354.093, 354.095, or 354.096, or for an extended leave of absence under section 354.094, the payment ~~must equal the total employee and employer contributions, including amortization contributions if applicable, given the contribution rates in section 354.42, multiplied by the member's average monthly salary rate on the commencement of the leave or period of strike, multiplied by the months and portions of a month of the leave of absence or period of strike for which the teacher seeks allowable service credit. Payments made under this paragraph~~ must include the amount determined in paragraph (b) plus compound interest at a monthly rate of 0.71 percent from ~~the last day of the leave period or strike period, or from~~ June 30 ~~for an extended leave of absence under section 354.094,~~ until the last day of the month in which payment is received.

~~(c)~~ (d) If payment is received by the executive director after the applicable last permitted date under paragraph ~~(b)~~ (c), the payment amount is the amount determined under section 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under this section may be made anytime before the effective date of retirement.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 2. Laws 2002, chapter 392, article 2, section 4, is amended to read:

Sec. 4. **EFFECTIVE DATE.**

(a) Sections 1, 2, and 3 are effective retroactive to July 1, 2001.

(b) The authority to obtain credit for allowable service under section 1, clause (11); and section 2, paragraph (a), clause (8)~~; and section 3, clause (9)~~, expires 12 months after the date of enactment.

EFFECTIVE DATE. This section is effective retroactively without interruption from July 1, 2002.

ARTICLE 4

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION REVISED PRIVATIZATION PROCEDURE

Section 1. **[353F.025] CERTIFICATION AND DECERTIFICATION OF MEDICAL FACILITIES AND OTHER PUBLIC EMPLOYING UNITS.**

Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a governmental subdivision may submit a resolution from the governing body to the executive director of the Public Employees Retirement Association which supports providing coverage under this chapter for employees of that governmental subdivision who are privatized, and which states that the governing body will pay for actuarial calculations, as further specified in paragraph (c).

(b) The governing body must also provide a copy of any applicable purchase or lease agreement and any other information requested by the executive director to allow the executive director to verify that under the proposed employer change, the new employer does not qualify as a governmental subdivision under section 353.01, subdivision 6, making the employees ineligible for continued coverage as active members of the general employees retirement plan of the Public Employees Retirement Association.

(c) Following receipt of a resolution and a determination by the executive director that the new employer is not a governmental subdivision, the executive director shall direct the consulting actuary retained under section 356.214 to determine whether the general employees retirement plan of the Public Employees Retirement Association is expected to receive a net gain if privatization occurs, by determining whether the actuarial liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is less than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date, as defined in section 353F.02, subdivision 3.

Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected due to the privatization, the executive director shall forward a recommendation and supporting documentation to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session.

(b) If a medical facility or other public employing unit listed under section 353F.02, subdivision 4 or 5, fails to privatize within one year of the final enactment date of the legislation adding the entity to the applicable definition, its inclusion under this chapter is voided, and the executive director shall include in the proposed legislation under paragraph (a) a recommendation that the applicable entity be stricken from the definition.

Subd. 3. **Date of application.** For any privatization added to this chapter after the effective date of this section, the first date of coverage is the effective date as defined in section 353F.02, subdivision 3.

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

ARTICLE 5
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PRIVATIZATIONS

Section 1. Minnesota Statutes 2007 Supplement, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

(1) Bridges Medical Services;

(2) the City of Cannon Falls Hospital;

(3) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;

(4) the Dassel Lakeside Community Home;

(5) the Fair Oaks Lodge, Wadena;

(6) the Glencoe Area Health Center;

(7) the Hutchinson Area Health Care;

(8) ~~the Kanabec Hospital;~~

~~(9)~~ the Lakefield Nursing Home;

~~(10)~~ (9) the Lakeview Nursing Home in Gaylord;

~~(11)~~ (10) the Luverne Public Hospital;

~~(12) the Northfield Hospital;~~

~~(13)~~ (11) the Oakland Park Nursing Home;

~~(14)~~ (12) the RenVilla Nursing Home;

~~(15) the Renville County Hospital in Olivia;~~

~~(16)~~ (13) the St. Peter Community Healthcare Center; and

~~(17)~~ (14) the Waconia-Ridgeview Medical Center.

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

Sec. 2. Laws 2006, chapter 271, article 5, section 5, is amended to read:

Sec. 5. **EFFECTIVE DATE.**

(a) Sections 1, 3, and 4 are effective the day following final enactment and section 3 has effect retroactively from July 25, 2005.

(b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the latter of:

(1) the day after the governing body of the Cannon Falls Hospital District and its chief clerical officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month following certification to the Cannon Falls Hospital District by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized City of Cannon Falls Hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization.

(c) Section 2, with respect to Clearwater County Memorial Hospital, is effective upon the latter of:

(1) the day after the governing body of Clearwater County and its chief clerical officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2 and 3, except that the certificate of approval must be filed before January 1, 2009; and

(2) the first day of the month following certification to Clearwater County by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Clearwater Health Services employees under section 2 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization.

(d) Section 2 with respect to the Dassel Lakeside Community Home is effective upon the latter of:

(1) the day after the governing body of the city of Dassel and its chief clerical officer timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the Dassel City Council by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Dassel Lakeside Community Home employees under section 2 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement

Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel or by the entity which is the employer following the privatization.

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

ARTICLE 6
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PROVISIONS

Section 1. Minnesota Statutes 2007 Supplement, section 353.01, subdivision 2b, is amended to read:

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

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

(2) election officers or election judges;

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

(4) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;

(5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the Public Employees Retirement Association, or any local police or firefighters consolidation account who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons

covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

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

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

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

(12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

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

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the public employees

retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

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

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

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the Carpenters Local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

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

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

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

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

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

Sec. 2. Minnesota Statutes 2006, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees;

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions be made by the employer, the contribution to the applicable supplemental retirement plan when the contribution is from mandatory withholdings from employees' wages; and

(3) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) the fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36; ~~and~~

(5) the amount of compensation that exceeds the limitation provided in section 356.611; and

(6) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

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

Sec. 3. Minnesota Statutes 2006, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. **Termination of public service.** (a) "Termination of public service" occurs (1) when a member resigns or is dismissed from public service by the employing governmental subdivision and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position in the same governmental subdivision; or (2) when the employer-employee relationship is severed due to the expiration of a layoff under subdivision 12 or 12c.

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

(c) A termination of public service does not occur if, prior to termination of service, the member has an agreement, verbal or written, to return to a governmental subdivision as an employee, independent contractor, or employee of an independent contractor.

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

Sec. 4. Minnesota Statutes 2007 Supplement, section 353.0161, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in subdivision 1 may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the ~~end of~~ date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, or at termination of public service, whichever is earlier, multiplied by the employee's ~~hourly rate of~~ average monthly salary ~~on the date~~ upon which deductions were paid during the six months, or portion thereof, before the commencement of ~~return from~~ the leave of absence and by the ~~days and~~ number of months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date the person terminates public service under section 353.01, subdivision 11a.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 353.27, is amended by adding a subdivision to read:

Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan under this chapter or chapter 353E may be taken from the salary of a person who is employed by a governmental subdivision under 353.01, subdivision 6, and who is receiving disability benefit payments from any plan under this chapter or chapter 353E unless the person waives the right to further disability benefit payments.

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

Sec. 6. Minnesota Statutes 2007 Supplement, section 353.27, subdivision 14, is amended to read:

Subd. 14. **Treatment of periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association, that employer and its employees are subject to the requirements of subdivision 12, effective retroactively to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551. Notwithstanding section 356.551, subdivision 2, regarding time limits on purchases, payment may be made anytime before termination of public service.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution retirement plan, other than a volunteer firefighters relief association. If this paragraph applies, an individual is prohibited from purchasing service credit for any period or periods specified in paragraph (a).

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

Sec. 7. Minnesota Statutes 2006, section 353D.05, subdivision 2, is amended to read:

Subd. 2. **Investment options.** (a) A participant may elect to purchase shares in the income share account, the growth share account, the international share account, the money market account, the bond market account, the fixed interest account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of the total contributions to be used to purchase shares in each of the accounts.

(b) A participant or a former participant may indicate in writing a choice of options for subsequent purchases of shares. After a choice is made, until the participant or former participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment account or accounts specified by the participant. If no initial option is indicated by a participant or the specifications made by the participant exceeds 100 percent to be invested in more than one account, the executive director shall invest all contributions made by or on behalf of a participant in the income share account. If the specifications are less than 100 percent, the executive director shall invest the remaining percentage in the income share account. ~~A choice of investment options is effective the first of the month following the date of receipt of the signed written choice of options.~~

(c) Shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for a benefit payment under section 353D.07.

(d) A participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares in accounts, subject to the provisions of paragraph (c) concerning the fixed interest account. ~~A change under this paragraph is effective the first of the month following the date of receipt of a signed written choice of options.~~

(e) The change or selection of an investment option or the transfer of all or a portion of the deceased or former participant's shares in the income share, growth share, common stock index, bond market, international share, money market, or fixed interest accounts must not be made following death of the participant or former participant.

<u>**EFFECTIVE DATE.** This section is effective the day following final enactment.</u>

Sec. 8. Minnesota Statutes 2006, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d.

(c) The prior service credit purchase amount may not be less than the amount determined by applying the current employee or member contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, to the person's current annual salary and multiplying that result by the number of whole and fraction years of service to be purchased.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

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

ARTICLE 7
MINNESOTA STATE RETIREMENT SYSTEM PROVISIONS

Section 1. Minnesota Statutes 2007 Supplement, section 352.017, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this chapter may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the ~~end of~~ date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee ~~wants~~ is eligible for allowable service credit. ~~Payments made under this paragraph~~ The payment must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under chapter 352.

(c) ~~If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551.~~ If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan on the day prior to termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 352.22, subdivision 10, is amended to read:

Subd. 10. **Other refunds.** Former employees covered by the system are entitled to apply for refunds if they are or become members of the State Patrol retirement fund, the state Teachers Retirement Association, or employees of the University of Minnesota excluded from coverage under the system by action of the Board of Regents; or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2b, clause (7). The refunds must include accumulated contributions plus interest as provided in subdivision 2. ~~These employees may apply for a refund once 30 days or more have elapsed after their coverage ceases, even if they continue in state service but in positions not covered by this chapter.~~

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

Sec. 3. Minnesota Statutes 2007 Supplement, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions; post-June 30, 2007, coverage transfers.** (a) An eligible employee who ~~was~~ is transferred to plan coverage after June 30, 2007, and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is ~~(1) the difference between the member contribution rate or rates for the general state employees retirement plan of the Minnesota State Retirement System for the period of employment covered by the service credit to be transferred and the member contribution rate or rates for the correctional state employees retirement plan for the most recent 12 month period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent, and (2)~~ the amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer. ~~The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment under clause (1), and by the amount of the employer contribution equivalent payment under paragraph (c), clause (1).~~

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at a monthly rate of 0.71 percent.

(d) The executive director shall compute an amount using the process specified in paragraph (b), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(e) The executive director shall compute an amount using the process specified in paragraph (c), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(f) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after the one year anniversary date of the effective date of the retirement coverage transfer, or the date on which the eligible employee terminates state employment, whichever is earlier.

~~(c)~~ (g) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under ~~subdivision 2~~ paragraph (a), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is ~~(1) the difference between the employer contribution rate or rates for the general state employees retirement plan for the period of employment covered by the service credit to be transferred and the employer contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent, and (2)~~ the amount computed under paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer ~~calculated as provided in paragraph (a), clause (2)~~.

(h) The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent

<u>payment computed under paragraph (b), and by the amount of the employer contribution equivalent payment computed under paragraph (d).</u>

~~(d)~~ <u>(i)</u> The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.

<u>**EFFECTIVE DATE.** This section is effective the day following final enactment.</u>

Sec. 4. Minnesota Statutes 2007 Supplement, section 352.955, subdivision 5, is amended to read:

Subd. 5. **Effect of the asset transfer.** Upon the transfer of assets under subdivision 4, the service credit in the general state employees retirement plan of the Minnesota State Retirement System <u>related to the period being transferred</u> is forfeited and may not be reinstated. The transferred service credit and the transferred assets must be credited to the correctional state employees retirement plan and fund, respectively.

<u>**EFFECTIVE DATE.** This section is effective the day following final enactment.</u>

Sec. 5. Minnesota Statutes 2006, section 352D.075, subdivision 2a, is amended to read:

Subd. 2a. **Surviving spouse coverage term certain.** In lieu of the annuity under subdivision 2, clause (2) or (3), or in lieu of a distribution under subdivision 2, clause (1), the surviving spouse of a deceased participant may elect to receive survivor coverage in the form of a term certain annuity of ~~five, six~~ <u>ten</u>, 15, or 20 years, based on the value of the remaining shares. The monthly term certain annuity must be calculated under section 352D.06, subdivision 1.

<u>**EFFECTIVE DATE.** This section is effective the day following final enactment.</u>

Sec. 6. <u>**REPEALER.**</u>

<u>Laws 2005, First Special Session chapter 8, article 1, section 23, is repealed retroactive from July 26, 2005.</u>

ARTICLE 8
TEACHERS RETIREMENT ASSOCIATION PROVISIONS

Section 1. Minnesota Statutes 2006, section 354.05, subdivision 37, is amended to read:

Subd. 37. **Termination of teaching service.** "Termination of teaching service" means the withdrawal of a member from active teaching service by resignation or the termination of the member's teaching contract by the employer. A member is not considered to have terminated teaching service, if before the age of 62, and before the effective date of the termination or retirement, the member has entered into a written contract to resume teaching service with an employing unit covered by the provisions of this chapter.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 2. Minnesota Statutes 2007 Supplement, section 354.096, subdivision 2, is amended to read:

Subd. 2. **Payment.** (a) Notwithstanding any laws to the contrary, a member who is granted a family leave under United States Code, title 42, section 12631, may receive allowable service credit for the leave by making payment ~~of the employee, employer, and additional employer contributions at the rates under section 354.42, during the leave period as applied to the member's average full-time monthly salary rate on the date the leave commenced~~ under section 354.72.

~~(b) If payment is made after the leave terminates, section 354.72 applies.~~

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 3. Minnesota Statutes 2006, section 354.33, subdivision 5, is amended to read:

Subd. 5. **Retirees not eligible for federal benefits.** ~~Notwithstanding the provisions of section 354.55, subdivision 3,~~ When any person retires after July 1, 1973, who (1) has ten or more years of allowable service, and (2) does not have any retroactive Social Security coverage by reason of the person's position in the retirement system, and (3) does not qualify for federal old age and survivor primary benefits at the time of retirement, the annuity must be computed under section 354.44, subdivision 2, of the law in effect on June 30, 1969, except that accumulations after June 30, 1957, must be calculated using the same mortality table and interest assumption as are used to transfer the required reserves to the Minnesota postretirement investment fund.

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

Sec. 4. **REPEALER.**

Minnesota Statutes 2006, sections 354.44, subdivision 6a; 354.465; 354.51, subdivision 4; and 354.55, subdivisions 2, 3, 6, 12, and 15, are repealed.

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

ARTICLE 9

REPEAL OF OBSOLETE LEAVE AND ELECTION PROCEDURES

Section 1. **REPEALER.**

Minnesota Statutes 2006, sections 354A.091, subdivisions 1a and 1b; and 355.629, are repealed.

APPENDIX

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354.44 RETIREMENT BENEFITS.

Subd. 6a. **Extension of 1997 permanent increase.** (a) A percentage of the permanent increase for benefit recipients effective July 1, 1997, under Laws 1997, chapter 233, article 1, section 71, as specified in paragraph (b), is payable to:

(1) a member who terminates service after June 30, 1997, and whose benefit begins to accrue during the period of July 2, 1997, to July 1, 2002, based on the member's age at retirement;

(2) a member who is determined to be totally and permanently disabled under section 354.05, subdivision 14, after June 30, 1997, and whose benefit begins to accrue during the period of July 2, 1997, to July 1, 2002, based on the member's age at disability;

(3) the survivor of a member who terminates service and dies after June 30, 1997, and whose benefit begins to accrue during the period of July 2, 1997, to July 1, 2002.

(b) The percentage of the permanent increase is the amount designated for the applicable beginning benefit accrual date, as follows:

Beginning Benefit Accrual Date	Percentage of Permanent Increase
July 2, 1997, to July 1, 1998	50 percent
July 2, 1998, to July 1, 1999	40 percent
July 2, 1999, to July 1, 2000	30 percent
July 2, 2000, to July 1, 2001	20 percent
July 2, 2001, to July 1, 2002	10 percent

354.465 MODIFICATION IN SURVIVOR COVERAGE IN CERTAIN INSTANCES.

Any person who elected joint and survivor annuity coverage pursuant to section 354.46, subdivision 2, prior to July 1, 1981, and the spouse of the person shall be entitled to modify that election by making a joint specification in writing on a form prescribed by the executive director that the benefits provided in section 354.46, subdivision 2, or 354.47, subdivision 1, whichever is applicable, shall be paid only to a designated beneficiary. Authority for any person and the spouse of the person to modify the prior election shall expire on the date of the retirement of the person who elected the coverage or the date of death of the person who elected the coverage whichever occurs first.

354.51 PAYMENTS TO RECEIVE CREDIT FOR PRIOR SERVICE; SHORTAGES IN MEMBER DEDUCTIONS.

Subd. 4. **Other state or school teaching service; purchase of credit.** Any teacher who has rendered teaching service prior to June 30, 1953, in another state, or in a state public school which is not an employing unit with employees for whom retirement coverage is provided pursuant to this chapter, or for the University of Minnesota, who was a member of the fund prior to or after the uncredited teaching service, who is not entitled to any benefits from any other retirement system based on the uncredited teaching service, who has credit for at least 15 years of service as a member of the retirement fund with at least five years of service occurring subsequent to the period of uncredited teaching service, who became a member of the retirement fund prior to June 30, 1957, and who has not accepted a refund of accumulated member contributions or deductions and resumed teaching service covered by the retirement fund after July 1, 1957, shall be entitled to obtain service credit for the period of uncredited teaching service. To obtain service credit, a teacher shall make a payment equal to six percent of the average annual salary of the teacher for the five year period occurring immediately prior to the completion of the minimum service requirement or July 1, 1951, whichever is later, multiplied for the number of years of the period of uncredited teaching service, but not to exceed $175 annually for any period of uncredited teaching service occurring prior to July 1, 1953, or $216 annually for any period of uncredited teaching service occurring subsequent to June 30, 1953. The payment made by the teacher shall be accompanied by a matching payment representing the employer contribution. This matching employer contribution payment is to be made by the agency which formerly employed the teacher, except that, at its discretion, the payment may be made by the current employer of the teacher. The payments shall include interest at an annual rate of 8.5 percent compounded annually from the end of the year of uncredited service to the date on which payment is first made. Payment shall be made in a single payment unless the executive director authorizes installment payments. If the payment made is less than the full required payment, including interest, the formula service credit granted shall be adjusted in accordance with section 354.05, subdivision 25, clause (3). Any school district or institution which employs a teacher who makes a payment pursuant to this subdivision is authorized to make any required payments representing employer contributions and interest and the required amounts are hereby appropriated from any funds available to the school district or institution. Any payments made pursuant to this subdivision shall be considered accumulations made after July 1, 1957 for purposes of computing an annuity pursuant to section 354.44, subdivision 2. All payments shall be made to the executive director prior to July 1, 1973 or within one year after the completion of the minimum state teaching service requirements whichever is later.

354.55 OPTIONS TO CERTAIN MEMBERS.

Subd. 2. **Pre-July 1, 1957, elections.** Any election made by a teacher pursuant to Minnesota Statutes 1953, section 135.10, subdivision 3, prior to July 1, 1957, shall continue in effect at such amount and subject to such conditions as the law then in effect permitted.

Subd. 3. **Pre-July 1, 1957, cessation of service.** Any person who ceased teaching service prior to July 1, 1957, who left accumulated deductions in the fund for the purpose of receiving when eligible, a retirement annuity shall have the annuity computed in accordance with the law in effect at the date the person ceased teaching service, except that if such person has ten or more years of allowable service credit, the retirement annuity shall be determined under the law in effect on June 30, 1969.

Subd. 6. **Annuities commenced between August 1, 1931, and June 30, 1965.** Each annuitant who as a member of the association commenced drawing the annuity between August 1, 1931 and June 30, 1965, but not including the annuitant's beneficiaries, shall be paid ten percent of the present monthly annuity if such annuitant retired pursuant to Minnesota Statutes 1965, sections 354.33 and 354.34 and 15 percent of the present monthly annuity if such annuitant retired pursuant to Minnesota Statutes 1953, section 135.10 and Minnesota Statutes 1965, sections 354.44 and 354.45, in addition to the amounts such annuitant is otherwise entitled to receive under the provisions of Minnesota Statutes 1965, chapter 354.

Subd. 12. **Pre-1973 law retirements.** Any member who retires under the law in effect prior to July 1, 1973, shall have that portion of the member's annuity based on accumulations after June 30, 1957, under Minnesota Statutes 1971, section 354.44, subdivision 2, and all accumulations under Minnesota Statutes 1971, section 354.33, subdivision 1, calculated using the mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption specified in section 356.215 used at the time of that retirement to transfer the required reserves to the Minnesota postretirement investment fund.

Subd. 15. **Additional annuity increases.** Notwithstanding the maximum benefit provisions of section 354.46, subdivision 1, all benefits and annuities payable pursuant to sections 354.48; 354.46, subdivision 1 and Laws 1915, chapter 199, as amended, which are in effect on June 30, 1973 shall be increased 25 percent. Such increase shall begin to accrue January 1, 1974. Increases in benefit and annuity payments pursuant to this subdivision will be made automatically unless written notice is filed by the annuitant with the Teachers Retirement Association board requesting that the increase shall not be made.

354A.091 TEACHERS ON EXTENDED LEAVE.

Subd. 1a. **Exception for leaves since 1981-1982.** Notwithstanding subdivision 1, the following provisions apply to elementary and secondary school and technical institute teachers whose extended leaves begin in the 1981-1982, 1982-1983, or 1983-1984 school year:

(a) A member whose application states the intention to pay employee contributions to the applicable association, requests state payment of the employer contribution, and is approved by the commissioner within the limits of section 125.60, subdivision 7, may pay employee contributions to the applicable association and receive allowable service credit in that association for each year of leave during the period of the leave, which shall not exceed five years;

(b) The state shall pay employer contributions for a member described in clause (a) for no more than the first three years of the leave, provided the member who is on extended leave pays the employee contribution to the applicable association by the payment date specified in subdivision 1;

(c) A member whose application is approved as to the member's eligibility under section 122A.46, subdivisions 1 and 2, but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of leave affected by clause (b) may pay employee contributions and receive allowable service credit as provided in subdivision 1 if the member and the employing school board make the required employer contribution, in any proportion which they may agree upon, by the payment date specified in subdivision 1.

Subd. 1b. **Pre-May 16, 1981, leave exception.** Notwithstanding subdivision 1, the following provisions apply only to elementary, secondary, and area vocational technical school teachers whose extended leaves began in the 1978-1979, 1979-1980, or 1980-1981 school years:

(a) A member whose period of extended leave began on or before May 15, 1981, may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter for each year of the leave during the period of the leave which does not exceed five years;

(b) The state shall pay employer contributions into the applicable fund for a member described in clause (a) for each year of the leave for which the member who is on extended leave pays the employee's contribution into the fund by the payment date specified in subdivision 1.

355.629 SECOND SOCIAL SECURITY REFERENDUM.

Subdivision 1. **Election of Social Security coverage.** Any member of the legislators retirement plan established under chapter 3A who did not elect coverage under an agreement under section 218(d) of the Social Security Act as provided for in section 355.624 is entitled to elect future Social Security coverage and retroactive coverage for the period consistent with applicable federal law, in a second Social Security referendum. Any member who so elects shall become a member of the coordinated program of the legislators retirement plan under section 3A.15. The governor shall set a date for the referendum and shall undertake any duties to amend the state's Social Security Act, section 218 agreement, with the Secretary of Health and Human Services.

Subd. 2. **Payment of retroactive Social Security taxes.** For any service by a legislator who is in office on the date of the agreement or modification of the agreement with the Secretary of Health and Human Services, the executive director of the Minnesota State Retirement System shall cause to be paid an amount for each legislator, including an amount for retroactive coverage, equal to the taxes which would have been imposed on the legislator and state of Minnesota by the Federal Insurance Contributions Act had the service been covered at the time performed. This payment shall be computed from the date of retroactive coverage to the date that deductions are first taken from the wages of each legislator for Social Security coverage. Before making a payment on behalf of a legislator, the executive director must receive from the legislator the funds necessary to make the payment. Nothing in this section shall require a legislator to elect retroactive Social Security coverage.

Subd. 3. **Deduction from wages.** A legislator who elects Social Security coverage under this section shall have a deduction taken from wages in an amount equal to the employer and employee contributions required by either subdivision 1 or subdivision 2.

Laws 2005, First Special Session chapter 8, article 1, section 23

Sec. 23. Minnesota Statutes 2004, section 356.611, subdivision 1, is amended to read:

Subdivision 1. **State salary limitations.** (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund enumerated in section 356.30, subdivision 3, may not exceed 110 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor or to a judge;

(2) to an employee or an elected official who is not subject to the limit as specified under section 43A.17, subdivision 9;

(3) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9;

(4) to a state employee as defined under section 43A.02, subdivision 21;

(5) to an employee of Gillette Hospital who is covered by the general state employees retirement plan of the Minnesota State Retirement System;

(6) to an employee of the Minnesota Crop Improvement Council;

(7) to an employee of the Minnesota Historical Society;

(8) to an employee of the Southern Minnesota Municipal Power Association; or

(9) to the director of the Duluth Port Authority.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.