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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 565

01/26/2017 Authored by O'Driscoll
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy
05/15/2017 Adoption of Report: Amended and re-referred to the Committee on State Government Finance
Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration
Adoption of Report: Re-referred to the Committee on State Government Finance
Joint Rule 2.03 has been waived for any subsequent committee action on this bill

1.1 A bill for an act

1.2 relating to retirement; benefit and contribution changes for Minnesota statewide

1.3 and major local public employee retirement plans; increasing contribution rates;

1.4 reducing certain postretirement adjustment increase rates; modifying investment

1.5 return assumptions; extending amortization target dates; reducing deferred annuities

1.6 augmentation; requiring a study on postretirement adjustments; making

1.7 administrative changes to the Minnesota State Retirement System, Teachers

1.8 Retirement Association, Public Employees Retirement Association, and St. Paul

1.9 Teachers Retirement Fund Association; clarifying refund repayment procedures;

1.10 modifying executive director credentials; clarifying service requirements; revising

1.11 appeal procedures; modifying service credit purchase procedures; establishing

1.12 new procedures for disability applications due to private disability insurance

1.13 requirements; clarifying disability benefit payment provisions; modifying annual

1.14 benefit limitations for federal tax code compliance; authorizing use of IRS

1.15 correction procedures; clarifying benefit offsets for certain refund payments;

1.16 clarifying police and fire plan coverage for certain Hennepin Healthcare System

1.17 supervisors; modifying various economic actuarial assumptions; authorizing the

1.18 transfer of assets and members from the voluntary statewide volunteer firefighter

1.19 retirement plan to a volunteer firefighter relief association; adopting

1.20 recommendations of the Volunteer Firefighter Relief Association Working Group;

1.21 increasing relief association lump-sum service pension maximums; lowering certain

1.22 vesting requirements for Eden Prairie Volunteer Firefighters Relief Association;

1.23 modifying the Brook Park volunteer firefighters service pension level; permitting

1.24 alternative allocation of fire state aid for city of Austin; establishing a tire state

1.25 aid work group; modifying various Department of Human Services and Department

1.26 of Corrections employment classifications eligible for correctional retirement

1.27 coverage; modifying the calculation of annuities under the Minnesota State

1.28 Retirement System unclassified program; revising augmentation interest rates for

1.29 certain terminated privatized employees; adopting definition of the Hometown

1.30 Heroes Act related to public safety officer death benefits; allowing service credit

1.31 purchase and Rule of 90 eligibility for certain Minnesota Department of

1.32 Transportation employees; authorizing MnSCU employees to elect retroactive and

1.33 prospective TRA coverage; authorizing MnSCU employee to transfer past service

1.34 from IRAP to PERA; increasing maximum employer contribution to a supplemental

1.35 laborers pension fund; authorizing certain additional sources of retirement plan

1.36 funding; making technical and conforming changes; amending Minnesota Statutes

1.37 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14, subdivision

1.38 2a; 352.01, subdivisions 2a, 13a; 352.017, subdivision 2; 352.03, subdivisions 5,

1.39 6; 352.04, subdivisions 2, 3, 8, 9; 352.113, subdivisions 2, 4, 14; 352.116,

2.1 subdivision 1a; 352.22, subdivisions 2, 3, by adding subdivisions; 352.23; 352.27;
 2.2 352.91, subdivisions 3f, 3g, by adding a subdivision; 352.92, subdivisions 1, 2,
 2.3 by adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02,
 2.4 subdivisions 1a, 1c; 352B.08, by adding a subdivision; 352B.085; 352B.086;
 2.5 352B.11, subdivision 4; 352D.02, subdivisions 1, 3; 352D.04, subdivision 2;
 2.6 352D.05, subdivision 4; 352D.06, subdivision 1; 352D.085, subdivision 1; 352D.11,
 2.7 subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a subdivision;
 2.8 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03, subdivision
 2.9 3; 353.27, subdivisions 3c, 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29,
 2.10 subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34,
 2.11 subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision
 2.12 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353F.02, subdivision 5a;
 2.13 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06;
 2.14 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision
 2.15 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05,
 2.16 subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.42,
 2.17 subdivisions 2, 3; 354.436, subdivision 3; 354.44, subdivisions 3, 6, 9; 354.45, by
 2.18 adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.49,
 2.19 subdivision 2; 354.50, subdivision 2; 354.51, subdivision 5; 354.512; 354.52,
 2.20 subdivisions 4, 4d; 354.53, subdivision 5; 354.55, subdivision 11; 354.66,
 2.21 subdivision 2; 354.72, subdivision 1; 354A.011, subdivisions 3a, 29; 354A.093,
 2.22 subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivisions 1, 1a, 2a, 3a, 3c,
 2.23 7; 354A.29, subdivision 7; 354A.31, subdivisions 3, 7; 354A.34; 354A.35,
 2.24 subdivision 2; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2;
 2.25 356.215, subdivisions 8, 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32,
 2.26 subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a
 2.27 subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551,
 2.28 subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96,
 2.29 subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 423A.02,
 2.30 subdivisions 3, 5; 424A.001, subdivisions 2, 3, 10, by adding a subdivision;
 2.31 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions;
 2.32 424A.015, subdivision 1, by adding a subdivision; 424A.016, subdivision 2;
 2.33 424A.02, subdivisions 1, 3, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091,
 2.34 subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20,
 2.35 subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.124, subdivision
 2.36 12; proposing coding for new law in Minnesota Statutes, chapters 353F; 353G;
 2.37 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12; 352.04, subdivision
 2.38 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision 3b; 353.34,
 2.39 subdivision 6; 353.71; 354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12,
 2.40 subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611, subdivisions 3, 3a,
 2.41 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13.

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

2.43 **ARTICLE 1**

2.44 **MINNESOTA STATE RETIREMENT SYSTEM BENEFIT AND CONTRIBUTION**
 2.45 **CHANGES**

2.46 Section 1. Minnesota Statutes 2016, section 3A.02, subdivision 4, is amended to read:

2.47 Subd. 4. **Deferred annuities augmentation.** ~~(a)~~ The deferred retirement allowance of
 2.48 any former legislator must be computed as provided in subdivision 1 on the basis of allowable
 2.49 service and augmented as provided herein. ~~(b) The required reserves applicable to the deferred~~
 2.50 ~~retirement allowance, determined as of the date the benefit begins to accrue using an~~

3.1 ~~appropriate mortality table and an interest assumption of six percent, must be augmented~~
 3.2 by interest compounded annually from the first of the month following the termination of
 3.3 active service, or July 1, 1973, whichever is later, to the ~~first day of the month in which the~~
 3.4 ~~allowance begins to accrue~~ effective date of retirement, at the following ~~annually~~
 3.5 ~~compounded~~ rate or rates:

3.6 (1) five percent until January 1, 1981;

3.7 (2) three percent from January 1, 1981, or from the first day of the month following the
 3.8 termination of active service, whichever is later, until January 1 of the year in which the
 3.9 former legislator attains age 55 or until January 1, 2012, whichever is earlier;

3.10 (3) five percent from the period end date under clause (2) until the effective date of
 3.11 retirement or until January 1, 2012, whichever is earlier; ~~and~~

3.12 (4) two percent ~~after December 31, 2011.~~ from January 1, 2012, until December 31,
 3.13 2017; and

3.14 (5) after December 31, 2017, the deferred annuity must not be augmented.

3.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.16 Sec. 2. Minnesota Statutes 2016, section 352.116, subdivision 1a, is amended to read:

3.17 Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a
 3.18 person who has become at least 55 years old and first became a covered employee after
 3.19 June 30, 1989, and to any other covered employee who has become at least 55 years old
 3.20 and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph
 3.21 (b), in conjunction with this subdivision than when calculated under section 352.115,
 3.22 subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who
 3.23 retires before the normal retirement age shall be paid the normal retirement annuity provided
 3.24 in section 352.115, subdivisions 2 and 3, paragraph (b), reduced ~~so that~~ as described in
 3.25 clause (1) or (2), as applicable.

3.26 (1) For covered employees who retire on or after July 1, 2018, the reduced annuity is
 3.27 the actuarial equivalent of the annuity that would be payable to the employee if the employee
 3.28 deferred receipt of the annuity until normal retirement age and the annuity amount were
 3.29 augmented at ~~an~~ the applicable annual rate ~~of three percent,~~ compounded annually, from
 3.30 the day the annuity begins to accrue until the normal retirement age. The applicable annual
 3.31 rate is the rate in effect on the employee's effective date of retirement and shall be considered
 3.32 as fixed for the employee for the period until the employee reaches normal retirement age.
 3.33 The applicable annual rates are the following:

4.1 (i) until June 30, 2018, three percent if the employee became an employee before July
4.2 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

4.3 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
4.4 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
4.5 five-year period; and

4.6 (iii) after June 30, 2023, zero percent.

4.7 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced
4.8 annuity commencing before normal retirement age under this clause, shall not take into
4.9 account any augmentation.

4.10 (2) For covered employees who retire before July 1, 2018, the reduced annuity is the
4.11 actuarial equivalent of the annuity that would be payable to the employee if the employee
4.12 deferred receipt of the annuity until normal retirement age and the annuity amount were
4.13 augmented at an annual rate of three percent, compounded annually, from the day the annuity
4.14 begins to accrue until normal retirement age if the employee became an employee before
4.15 July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the
4.16 annuity begins to accrue until the normal retirement age if the employee initially becomes
4.17 became an employee after June 30, 2006.

4.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

4.19 Sec. 3. Minnesota Statutes 2016, section 352.22, subdivision 2, is amended to read:

4.20 Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable
4.21 to a person who ceased to be a state employee by reason of a termination of state service is
4.22 an amount equal to employee accumulated contributions plus interest until the date on which
4.23 the refund is paid, at the rate of following rates for the applicable period:

4.24 (a) six percent per year compounded daily from the date that the contribution was made
4.25 until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and
4.26 at the rate of;

4.27 (b) four percent per year compounded daily from the date that the contribution was made
4.28 or from July 1, 2011, whichever is later, until the date on which the refund is paid. until
4.29 June 30, 2017; and

4.30 (c) three percent per year compounded daily from the date that the contribution was
4.31 made or July 1, 2017, whichever is later.

5.1 Included with the refund is any interest paid as part of repayment of a past refund, plus
5.2 interest thereon from the date of repayment.

5.3 Sec. 4. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to
5.4 read:

5.5 Subd. 2b. **Refund repayment.** Any person who has received a refund from the state
5.6 employees retirement plan, and who is a member of any of the retirement plans specified
5.7 in section 356.311, paragraph (b), may repay the refund with interest to the state employees
5.8 retirement plan. If a refund is repaid to the plan and more than one refund has been received
5.9 from the plan, all refunds must be repaid. Repayment must be made as provided in section
5.10 352.23, and under terms and conditions consistent with that section as agreed upon with
5.11 the director.

5.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.13 Sec. 5. Minnesota Statutes 2016, section 352.22, subdivision 3, is amended to read:

5.14 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of allowable
5.15 service if employed before July 1, 2010, or who has at least five years of allowable service
5.16 if employed after June 30, 2010, when termination occurs may elect to leave the accumulated
5.17 contributions in the fund and thereby be entitled to a deferred retirement annuity. The annuity
5.18 must be computed under the law in effect when state service terminated, on the basis of the
5.19 allowable service credited to the person before the termination of service.

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

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

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

6.1 (e) Deferred annuities must be augmented as provided in ~~section 352.72, subdivision 2~~
6.2 subdivision 3a.

6.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

6.4 Sec. 6. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to
6.5 read:

6.6 **Subd. 3a. Computation of deferred annuity.** (a) The deferred annuity, if any, accruing
6.7 under subdivision 3, on the basis of allowable service before termination of state service
6.8 and augmented by interest compounded annually from the first day of the month following
6.9 the month in which the employee ceased to be a state employee, or July 1, 1971, whichever
6.10 is later, to the effective date of retirement.

6.11 (b) For a person who became a state employee before July 1, 2006, the annuity must be
6.12 augmented at the following rate or rates:

6.13 (1) five percent until January 1, 1981;

6.14 (2) three percent thereafter until January 1 of the year following the year in which the
6.15 former employee attains age 55 or until January 1, 2012, whichever is earlier;

6.16 (3) five percent from the January 1 next following the attainment of age 55 until
6.17 December 31, 2011;

6.18 (4) two percent from January 1, 2012, until December 31, 2017; and

6.19 (5) after December 31, 2017, the deferred annuity must not be augmented.

6.20 (c) For a person who became a state employee after June 30, 2006, the annuity must be
6.21 augmented at the following rate or rates:

6.22 (1) 2.5 percent until December 31, 2011;

6.23 (2) two percent from January 1, 2012, until December 31, 2017; and

6.24 (3) after December 31, 2017, the deferred annuity must not be augmented.

6.25 (d) The retirement annuity or disability benefit of, or the survivor benefit payable on
6.26 behalf of, a former state employee who terminated service before July 1, 1997, which is not
6.27 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis
6.28 to reflect the change in the postretirement interest rate actuarial assumption under section
6.29 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
6.30 the tables adopted by the board and approved by the actuary retained under section 356.214.

6.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.1 Sec. 7. Minnesota Statutes 2016, section 352B.08, is amended by adding a subdivision to
7.2 read:

7.3 Subd. 2b. **Computation of deferred annuity.** (a) Deferred annuities must be computed
7.4 according to this chapter on the basis of allowable service before termination of service and
7.5 augmented by interest compounded annually from the first day of the month following the
7.6 month in which the member terminated service, or July 1, 1971, whichever is later, to the
7.7 effective date of retirement.

7.8 (b) For a person who became an employee before July 1, 2006, the annuity must be
7.9 augmented at the following rate or rates:

7.10 (1) five percent until January 1, 1981;

7.11 (2) three percent from January 1, 1981, until December 31, 2011;

7.12 (3) two percent from January 1, 2012, until December 31, 2017; and

7.13 (4) after December 31, 2017, the deferred annuity must not be augmented.

7.14 (c) For a person who became an employee after June 30, 2006, the annuity must be
7.15 augmented as follows:

7.16 (1) 2.5 percent until December 31, 2011;

7.17 (2) two percent from January 1, 2012, until December 31, 2017; and

7.18 (3) after December 31, 2017, the deferred annuity must not be augmented.

7.19 (d) The mortality table and interest assumption used to compute the annuity must be
7.20 those in effect when the member files application for annuity.

7.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.22 Sec. 8. Minnesota Statutes 2016, section 352D.085, subdivision 1, is amended to read:

7.23 Subdivision 1. **Combined service.** Except as provided in section 356.30, 356.302, or
7.24 356.303, service under the unclassified program for which the employee has been credited
7.25 with employee shares may be used for the limited purpose of qualifying for benefits under
7.26 sections 352.115, ~~352.72, subdivision 1,~~ 352.113, 354.44, 354.45, 354.48, and ~~354.60~~
7.27 356.311. The service also may not be used to qualify for a disability benefit under section
7.28 352.113 or 354.48 if a participant was under the unclassified program at the time of the
7.29 disability. Also, the years of service and salary paid while the participant was in the
7.30 unclassified program may not be used in determining the amount of benefits.

7.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.1 Sec. 9. Minnesota Statutes 2016, section 490.121, subdivision 25, is amended to read:

8.2 Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership
8.3 specified by section 490.1221, paragraph (b), and governed by sections 356.415, ~~subdivisions~~
8.4 ~~1 and subdivision~~ 1f; and 490.121 to 490.133, except as modified in sections 490.121,
8.5 subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and
8.6 490.124, subdivision 1, paragraphs (c) and (d).

8.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.8 Sec. 10. Minnesota Statutes 2016, section 490.121, subdivision 26, is amended to read:

8.9 Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a
8.10 membership specified by section 490.1221, paragraph (c), and governed by sections 356.415,
8.11 ~~subdivisions 1 and subdivision~~ 1f; 490.121 to 490.133, as modified in section 490.121,
8.12 subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and
8.13 490.124, subdivision 1, paragraphs (c) and (d).

8.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.15 Sec. 11. **REPEALER.**

8.16 Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; and 352B.30, are repealed.

8.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.18 **ARTICLE 2**

8.19 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION BENEFIT AND** 8.20 **CONTRIBUTION CHANGES**

8.21 Section 1. Minnesota Statutes 2016, section 353.30, subdivision 5, is amended to read:

8.22 Subd. 5. **Actuarial reduction for early retirement.** (a) This subdivision applies to a
8.23 member who has become at least 55 years old and first became a public employee after
8.24 June 30, 1989, and to any other member who has become at least 55 years old and whose
8.25 annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in
8.26 conjunction with this subdivision than when calculated under section 353.29, subdivision
8.27 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires
8.28 before normal retirement age shall be paid the retirement annuity provided in section 353.29,
8.29 subdivision 3, paragraph (b), reduced so that as described in paragraph (b) or (c), as
8.30 applicable.

9.1 (b) For members who retire on or after July 1, 2018, the reduced annuity is the actuarial
9.2 equivalent of the annuity that would be payable to the employee if the employee deferred
9.3 receipt of the annuity until normal retirement age and the annuity amount were augmented
9.4 at an the applicable annual rate of three percent₂, compounded annually₂, from the day the
9.5 annuity begins to accrue until the normal retirement age. The applicable annual rate is the
9.6 rate in effect on the employee's effective date of retirement and shall be considered as fixed
9.7 for the employee for the period until the employee reaches normal retirement age. The
9.8 applicable annual rates are the following:

9.9 (i) until June 30, 2018, three percent if the employee became an employee before July
9.10 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

9.11 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
9.12 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
9.13 five-year period; and

9.14 (iii) after June 30, 2023, zero percent.

9.15 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced
9.16 annuity commencing before normal retirement age under this paragraph, shall not take into
9.17 account any augmentation.

9.18 (c) For members who retire before July 1, 2018, the reduced annuity is the actuarial
9.19 equivalent of the annuity that would be payable to the employee if the employee deferred
9.20 receipt of the annuity until normal retirement age and the annuity amount were augmented
9.21 at an annual rate of three percent, compounded annually, from the day the annuity begins
9.22 to accrue until normal retirement age if the employee became an employee before July 1,
9.23 2006, and at 2.5 percent₂, compounded annually₂, from the day the annuity begins to accrue
9.24 until the normal retirement age if the employee initially becomes became an employee after
9.25 June 30, 2006.

9.26 **EFFECTIVE DATE.** This section is effective for reduced annuities with an annuity
9.27 starting date that is on or after July 1, 2018, notwithstanding the member's date of termination
9.28 of public service.

9.29 Sec. 2. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

9.30 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who
9.31 ceases to be a public employee is entitled to receive a refund in an amount equal to
9.32 accumulated deductions with annual compound interest to the first day of the month in
9.33 which the refund is processed.

10.1 (b) Annual compound interest on a refund under paragraph (a) shall be as follows:

10.2 (i) for a person who ceases to be a public employee before July 1, 2011, the refund
10.3 interest is at the rate of six percent to June 30, 2011, at the rate of four percent after June
10.4 30, 2011, to June 30, 2017, and at the rate of ~~four~~ three percent after June 30, 2017;

10.5 (ii) for a person who ceases to be a public employee after ~~July 1~~ June 30, 2011, and
10.6 before July 1, 2017, the refund interest is at the rate of four percent: to June 30, 2017, and
10.7 at the rate of three percent after June 30, 2017; and

10.8 (iii) for a person who ceases to be a public employee after June 30, 2017, the refund
10.9 interest is at the rate of three percent.

10.10 (c) If a person repays a refund and subsequently applies for another refund, the repayment
10.11 amount, including interest, is added to the fiscal year balance in which the repayment was
10.12 made.

10.13 (d) If the refund payable to a member is based on employee deductions that are
10.14 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
10.15 invalid employee deductions is four percent.

10.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

10.17 Sec. 3. Minnesota Statutes 2016, section 353.34, subdivision 3, is amended to read:

10.18 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is vested
10.19 under section 353.01, subdivision 47, when termination of public service or termination of
10.20 membership occurs has the option of leaving the accumulated deductions in the fund and
10.21 being entitled to a deferred retirement annuity commencing at normal retirement age or to
10.22 a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

10.23 (b) The deferred annuity must be computed under section 353.29, subdivision 3, on the
10.24 basis of the law in effect on the date of termination of public service or termination of
10.25 membership, whichever is earlier, and must be augmented as provided in ~~section 353.71,~~
10.26 ~~subdivision 2~~ paragraph (c).

10.27 (c) The deferred annuity accruing under subdivision 3, section 353.68, subdivision 4,
10.28 or section 356.311, must be computed on the basis of allowable service prior to the
10.29 termination of public service and augmented by interest compounded annually from the
10.30 first day of the month following the month in which the former member ceased to be a
10.31 public employee, or July 1, 1971, whichever is later, to the effective date of retirement.

11.1 (d) For a person who became a public employee before July 1, 2006, and who has a
11.2 termination of public service before January 1, 2012, the deferred annuity must be augmented
11.3 at the following rate or rates:

11.4 (1) five percent until January 1, 1981;

11.5 (2) three percent from January 1, 1981, until January 1 of the year following the year in
11.6 which the former member attains age 55 or until December 31, 2011, whichever is earlier;

11.7 (3) five percent from January 1 of the year following the year in which the former member
11.8 attains age 55, or until December 31, 2011, whichever is earlier;

11.9 (4) one percent from January 1, 2012, until December 31, 2017; and

11.10 (5) after December 31, 2017, the deferred annuity must not be augmented.

11.11 (e) For a person who became a public employee after June 30, 2006, and who has a
11.12 termination of public service before January 1, 2012, the deferred annuity must be augmented
11.13 at the following rate or rates:

11.14 (1) 2.5 percent until December 31, 2011;

11.15 (2) one percent from January 1, 2012, until December 31, 2017; and

11.16 (3) after December 31, 2017, the deferred annuity must not be augmented.

11.17 (f) For a person who has a termination of public service after December 31, 2011, the
11.18 deferred annuity must not be augmented.

11.19 (g) The retirement annuity or disability benefit of, or the survivor benefit payable on
11.20 behalf of, a former member who terminated service before July 1, 1997, or the survivor
11.21 benefit payable on behalf of a basic or police and fire member who was receiving disability
11.22 benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased
11.23 on an actuarial equivalent basis to reflect the change in the postretirement interest rate
11.24 actuarial assumption under section 356.215, subdivision 8, from five percent to six percent
11.25 under a calculation procedure and tables adopted by the board and approved by the actuary
11.26 retained under section 356.214.

11.27 ~~(e)~~ (h) A former member qualified to apply for a deferred retirement annuity may revoke
11.28 this option at any time before the commencement of deferred annuity payments by making
11.29 application for a refund. The person is entitled to a refund of accumulated member
11.30 contributions within 30 days following date of receipt of the application by the executive
11.31 director.

11.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.1 Sec. 4. **REPEALER.**

12.2 Minnesota Statutes 2016, sections 353.27, subdivision 3b; and 353.71, are repealed.

12.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.4 **ARTICLE 3**

12.5 **TEACHERS RETIREMENT ASSOCIATION BENEFIT AND CONTRIBUTION**
 12.6 **CHANGES**

12.7 Section 1. Minnesota Statutes 2016, section 354.436, subdivision 3, is amended to read:

12.8 Subd. 3. **Aid expiration.** The aid amounts specified in this section terminate and this
 12.9 section expires on the October 1 next following ~~the later of the following dates: (1) when~~
 12.10 the date on which the current assets of the Teachers Retirement Association fund equal or
 12.11 exceed the actuarial accrued liabilities of the fund as determined in the most recent actuarial
 12.12 valuation report for the Teachers Retirement Association fund by the actuary retained under
 12.13 section 356.214; ~~or (2) when the member and employer contribution rates are first determined~~
 12.14 ~~to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d.~~

12.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.16 Sec. 2. Minnesota Statutes 2016, section 354.44, subdivision 6, is amended to read:

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

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

12.28	Period	Coordinated Member	Basic Member
12.29 12.30	Each year of service during first ten	1.2 percent per year	2.2 percent per year
12.31 12.32	Each year of service thereafter	1.7 percent per year	2.7 percent per year

13.1 For service rendered on or after July 1, 2006, by a member other than a member who
 13.2 was a member of the former Duluth Teachers Retirement Fund Association between January
 13.3 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member
 13.4 who was a member of the former Duluth Teachers Retirement Fund Association between
 13.5 January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05,
 13.6 subdivision 13a, multiplied by the following percentages per year of service credit, determines
 13.7 the amount the annuity to which the member qualifying therefor is entitled:

13.8	Period	Coordinated Member	Basic Member
13.9	Each year of service	1.4 percent per year	2.2 percent per year
13.10	during first ten		
13.11	Each year of service after	1.9 percent per year	2.7 percent per year
13.12	ten years of service		

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

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

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

13.27 (d) This paragraph applies to a member who has become at least 55 years old and first
 13.28 became a member of the association after June 30, 1989, and to any other member who has
 13.29 become at least 55 years old and whose annuity amount when calculated under this paragraph
 13.30 and in conjunction with paragraph (e), is higher than it is when calculated under paragraph
 13.31 (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined
 13.32 in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a
 13.33 basic member determines the amount of the retirement annuity to which the basic member
 13.34 is entitled. The annuity of a basic member who was a member of the former Minneapolis
 13.35 Teachers Retirement Fund Association as of June 30, 2006, must be determined according

14.1 to the annuity formula under the articles of incorporation of the former Minneapolis Teachers
14.2 Retirement Fund Association in effect as of that date. For a coordinated member, the average
14.3 salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each
14.4 year of service rendered before July 1, 2006, and by 1.9 percent for each year of service
14.5 rendered on or after July 1, 2006, for a member other than a member who was a member
14.6 of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and
14.7 June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013,
14.8 for a member of the former Duluth Teachers Retirement Fund Association between January
14.9 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the
14.10 coordinated member is entitled.

14.11 (e) This paragraph applies to a person who has become at least 55 years old and first
14.12 becomes a member of the association after June 30, 1989, and to any other member who
14.13 has become at least 55 years old and whose annuity is higher when calculated under
14.14 paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b),
14.15 in conjunction with paragraph (c). An employee who retires under the formula annuity
14.16 before the normal retirement age shall be paid the normal annuity provided in paragraph
14.17 (d) reduced ~~so that~~ as described in clause (1) or (2), as applicable. Except in regards to
14.18 section 354.46 and paragraph (g), this paragraph remains in effect until June 30, 2015.

14.19 (1) For employees who retire on or after July 1, 2018, the reduced annuity is the actuarial
14.20 equivalent of the annuity that would be payable to the employee if the employee deferred
14.21 receipt of the annuity until normal retirement age and the annuity amount were augmented
14.22 at an the applicable annual rate of three percent, compounded annually, from the day the
14.23 annuity begins to accrue until the normal retirement age. The applicable annual rate is the
14.24 rate in effect on the employee's effective date of retirement and shall be considered as fixed
14.25 for the employee for the period until the employee reaches normal retirement age. The
14.26 applicable annual rates are the following:

14.27 (i) until June 30, 2018, three percent if the employee became an employee before July
14.28 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

14.29 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
14.30 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
14.31 five-year period; and

14.32 (iii) after June 30, 2023, zero percent.

15.1 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced
 15.2 annuity commencing before normal retirement age under this clause, shall not take into
 15.3 account any augmentation;

15.4 (2) for members who retire before July 1, 2018, the reduced annuity is the actuarial
 15.5 equivalent of the annuity that would be payable to the employee if the employee deferred
 15.6 receipt of the annuity until normal retirement age and the annuity amount were augmented
 15.7 at an annual rate of three percent, compounded annually, from the day the annuity begins
 15.8 to accrue until normal retirement age if the employee became an employee before July 1,
 15.9 2006, and at 2.5 percent₂ compounded annually, from the day the annuity begins to accrue
 15.10 until normal retirement age if the employee ~~becomes~~ became an employee after June 30,
 15.11 2006. ~~Except in regards to section 354.46, this paragraph remains in effect until June 30,~~
 15.12 ~~2015.~~

15.13 (f) After June 30, 2020, this paragraph applies to a person who has become at least 55
 15.14 years old and first becomes a member of the association after June 30, 1989, and to any
 15.15 other member who has become at least 55 years old and whose annuity is higher when
 15.16 calculated under paragraph (d) in conjunction with this paragraph than when calculated
 15.17 under paragraph (b) in conjunction with paragraph (c). An employee who retires under the
 15.18 formula annuity before the normal retirement age is entitled to receive the normal annuity
 15.19 provided in paragraph (d) reduced as described in clause (1) or (2), as applicable.

15.20 ~~For a person who~~ (1) If the member retires when the member is at least age 62 or older
 15.21 and has at least 30 years of service, the annuity must be reduced by an early reduction factor
 15.22 of six percent per year of the annuity that would be payable to the employee if the employee
 15.23 deferred receipt of the annuity and the annuity amount were augmented at an annual rate
 15.24 of three percent₂ compounded annually₂ from the day the annuity begins to accrue until the
 15.25 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5
 15.26 percent compounded annually if the employee became an employee after June 30, 2006.
 15.27 ~~For a person who~~

15.28 The applicable annual rate is the rate in effect on the employee's effective date of
 15.29 retirement and shall be considered as fixed for the employee for the period until the employee
 15.30 reaches normal retirement age. The applicable annual rates are the following:

15.31 (2) if the member retires when the member is not at least age 62 ~~or older~~ and does not
 15.32 have at least 30 years of service, the annuity ~~would~~ must be reduced by an early reduction
 15.33 factor ~~of~~ for each year that the member's age of retirement precedes normal retirement age.
 15.34 The early reduction factors are four percent per year for ages 55 through 59 and seven

16.1 percent per year for ages 60 through normal retirement age of The resulting annuity that
16.2 would be payable to the employee must be further adjusted to take into account augmentation
16.3 as if the employee deferred receipt of the annuity until normal retirement age and the annuity
16.4 amount were augmented at an the applicable annual rate of three percent, compounded
16.5 annually, from the day the annuity begins to accrue until ~~the~~ normal retirement age ~~if the~~
16.6 ~~employee became an employee before July 1, 2006, and at 2.5 percent compounded annually~~
16.7 ~~if the employee became an employee after June 30, 2006.~~ The applicable annual rate is the
16.8 rate in effect on the employee's effective date of retirement and shall be considered as fixed
16.9 for the employee for the period until the employee reaches normal retirement age. The
16.10 applicable annual rates are the following:

16.11 (i) until June 30, 2018, three percent if the employee became an employee before July
16.12 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

16.13 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
16.14 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
16.15 five-year period; and

16.16 (iii) after June 30, 2023, zero percent.

16.17 After June 30, 2023, the reduced annuity commencing before normal retirement age
16.18 under this clause shall not take into account any augmentation.

16.19 (g) After June 30, 2015, and before July 1, 2020, for a person who would have a reduced
16.20 retirement annuity under either paragraph (e) or (f) if they were applicable, the employee
16.21 is entitled to receive a reduced annuity which must be calculated using a blended reduction
16.22 factor augmented monthly by 1/60 of the difference between the reduction required under
16.23 paragraph (e) and the reduction required under paragraph (f).

16.24 (h) No retirement annuity is payable to a former employee with a salary that exceeds 95
16.25 percent of the governor's salary unless and until the salary figures used in computing the
16.26 highest five successive years average salary under paragraph (a) have been audited by the
16.27 Teachers Retirement Association and determined by the executive director to comply with
16.28 the requirements and limitations of section 354.05, subdivisions 35 and 35a.

16.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

16.30 Sec. 3. Minnesota Statutes 2016, section 354.49, subdivision 2, is amended to read:

16.31 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person
16.32 who ceases to be a member by reason of termination of teaching service, is entitled to receive

17.1 a refund in an amount equal to the accumulated deductions credited to the account plus
 17.2 interest compounded annually using the following interest rates:

17.3 (1) before July 1, 1957, no interest accrues;

17.4 (2) July 1, 1957, to June 30, 2011, six percent; ~~and~~

17.5 (3) ~~after June 30~~ July 1, 2011, to June 30, 2017, four percent; and

17.6 (4) after June 30, 2017, three percent.

17.7 For the purpose of this subdivision, interest must be computed on fiscal year end balances
 17.8 to the first day of the month in which the refund is issued.

17.9 (b) If the person has received permanent disability payments under section 354.48, the
 17.10 refund amount must be reduced by the amount of those payments.

17.11 Sec. 4. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

17.12 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
 17.13 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
 17.14 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
 17.15 retirement.

17.16 (b) The amount of the deferred retirement annuity is determined by section 354.44,
 17.17 subdivision 6, and must be augmented as provided in this subdivision. ~~The required reserves~~
 17.18 ~~for the annuity which had accrued when the member ceased to render teaching service must~~
 17.19 ~~be augmented, as further specified in this subdivision,~~ by the applicable interest rate
 17.20 compounded annually from the first day of the month following the month during which
 17.21 the member ceased to render teaching service to the effective date of retirement.

17.22 (c) No augmentation is ~~not~~ creditable if the deferral period is less than three months or
 17.23 if deferral commenced before July 1, 1971.

17.24 (d) For persons who became covered employees before July 1, 2006, ~~with a deferral~~
 17.25 ~~period commencing after June 30, 1971,~~ the annuity must be augmented as follows:

17.26 (1) five percent ~~interest compounded annually~~ until January 1, 1981;

17.27 (2) three percent ~~interest compounded annually~~ from January 1, 1981, until January 1
 17.28 of the year following the year in which the deferred annuitant attains age 55 or until June
 17.29 30, 2012, whichever is earlier;

17.30 (3) five percent ~~interest compounded annually~~ from the date established in clause (2) ~~to~~
 17.31 ~~the effective date of retirement or until June 30, 2012, whichever is earlier; and~~

18.1 (4) ~~two percent interest compounded annually after June 30, 2012~~ from July 1, 2012,
18.2 until June 30, 2018; and

18.3 (5) after June 30, 2018, the deferred annuity must not be augmented.

18.4 (e) For persons who become covered employees after June 30, 2006, the ~~interest rate~~
18.5 ~~used to augment the deferred annuity is~~ must be augmented as follows:

18.6 (1) 2.5 percent interest compounded annually until June 30, 2012, or until the effective
18.7 date of retirement, whichever is earlier, and;

18.8 (2) two percent interest compounded annually after June 30 from July 1, 2012, until
18.9 June 30, 2018; and

18.10 (3) after June 30, 2018, the deferred annuity must not be augmented.

18.11 ~~(f) If a person has more than one period of uninterrupted service, a separate average~~
18.12 ~~salary determined under section 354.44, subdivision 6, must be used for each period and~~
18.13 ~~the required reserves related to each period must be augmented as specified in this~~
18.14 ~~subdivision. The sum of the augmented required reserves is the present value of the annuity.~~
18.15 ~~For the purposes of this subdivision, "period of uninterrupted service" means a period of~~
18.16 ~~covered teaching service during which the member has not been separated from active~~
18.17 ~~service for more than one fiscal year.~~

18.18 ~~(g) If a person repays a refund, the service restored by the repayment must be considered~~
18.19 ~~as continuous with the next period of service for which the person has allowable service~~
18.20 ~~credit in the Teachers Retirement Association.~~

18.21 ~~(h) If a person does not render teaching service in any one fiscal year or more consecutive~~
18.22 ~~fiscal years and then resumes teaching service, the formula percentages used from the date~~
18.23 ~~of the resumption of teaching service must be those applicable to new members.~~

18.24 ~~(i) The mortality table and interest rate actuarial assumption used to compute the annuity~~
18.25 ~~must be the applicable mortality table established by the board under section 354.07,~~
18.26 ~~subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect~~
18.27 ~~when the member retires.~~

18.28 ~~(j) (f)~~ (f) In no case may the annuity payable under this subdivision be less than the amount
18.29 of annuity payable under section 354.44, subdivision 6.

18.30 ~~(k) (g)~~ (g) The requirements and provisions for retirement before normal retirement age
18.31 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
18.32 requirements with a combination of service as provided in section ~~354.60~~ 356.311.

20.1 Sec. 2. Minnesota Statutes 2016, section 354A.29, subdivision 7, is amended to read:

20.2 Subd. 7. **Eligibility for payment of Postretirement adjustments.** ~~(a) Annually, after~~
20.3 ~~June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must~~
20.4 ~~determine the amount of any postretirement adjustment using the procedures in this~~
20.5 ~~subdivision and subdivision 8 or 9, whichever is applicable.~~

20.6 ~~(b) On January 1~~ (a) Except as set forth in paragraph (c), each person who has been
20.7 receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter,
20.8 whose effective date of benefit commencement occurred on or before July 1 of the calendar
20.9 year immediately before the adjustment, is eligible to receive a an annual postretirement
20.10 increase as specified in subdivision 8 or 9. adjustment, effective as of each January 1, as
20.11 follows:

20.12 (1) there shall be no postretirement adjustment on January 1, 2018, and January 1, 2019;
20.13 and

20.14 (2) the postretirement adjustment shall be one percent on January 1, 2020, and each
20.15 January 1 thereafter.

20.16 (b) The amount determined under paragraph (a), clause (2), is the full postretirement
20.17 adjustment to be applied as a permanent increase to the regular payment of each eligible
20.18 member on January 1 of the next calendar year. For any eligible member whose effective
20.19 date of benefit commencement occurred after January 1 of the calendar year immediately
20.20 before the postretirement adjustment is applied, the amount determined under paragraph
20.21 (a), clause (2), must be reduced by 50 percent.

20.22 (c) Each person who retires on or after January 1, 2023, is entitled to an annual
20.23 postretirement adjustment, effective as of each January 1, beginning with the year following
20.24 the year in which the member attains normal retirement age.

20.25 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
20.26 subdivision 6, paragraph (b).

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

20.28 Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 7, is amended to read:

20.29 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who
20.30 has become at least 55 years old and first becomes a coordinated member after June 30,
20.31 1989, and to any other coordinated member who has become at least 55 years old and whose
20.32 annuity is higher when calculated using the retirement annuity formula percentage in

21.1 subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable, in conjunction
21.2 with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision
21.3 4a, paragraph (c), in conjunction with subdivision 6. An employee who retires under the
21.4 formula annuity before the normal retirement age shall be paid the normal annuity reduced
21.5 as described in paragraph (b) if the person retires on or after July 1, 2018, or in paragraph
21.6 (c) if the person retires before July 1, 2018, as applicable.

21.7 (b) A coordinated member who retires before the normal retirement age and on or after
21.8 July 1, 2018, is entitled to receive a retirement annuity calculated using the retirement
21.9 annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph
21.10 (d), whichever applies, reduced as described in clause (1) or (2), as applicable.

21.11 (1) If the member retires when the member is younger than age 62 or with fewer than
21.12 30 years of service, the annuity must be reduced by an early reduction factor for each year
21.13 that the member's age of retirement precedes normal retirement age. The early reduction
21.14 factors are four percent per year for ages 55 through 59 and seven percent per year for ages
21.15 60 through normal retirement age. The resulting annuity must be further adjusted to take
21.16 into account augmentation as if the employee had deferred receipt of the annuity until normal
21.17 retirement age and the annuity were augmented at the applicable annual rate, compounded
21.18 annually, from the day the annuity begins to accrue until normal retirement age. The
21.19 applicable annual rate is the rate in effect on the employee's effective date of retirement and
21.20 shall be considered as fixed for the employee. The applicable annual rates are the following:

21.21 (i) until June 30, 2018, 2.5 percent;

21.22 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which
21.23 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
21.24 five-year period; and

21.25 (iii) after June 30, 2023, zero percent.

21.26 After June 30, 2023, the reduced annuity commencing before normal retirement age
21.27 under this clause shall not take into account any augmentation.

21.28 (2) If the member retires when the member is at least age 62 or older and has at least 30
21.29 years of service, the member is entitled to receive a retirement annuity calculated using the
21.30 retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a,
21.31 paragraph (c), whichever applies, multiplied by the applicable early retirement factor
21.32 specified for members "Age 62 or older with 30 years of service" in the table in paragraph
21.33 (c).

22.1 (c) A coordinated member who retires before the normal retirement age and before July
 22.2 1, 2018, is entitled to receive a retirement annuity calculated using the retirement annuity
 22.3 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),
 22.4 whichever applies, multiplied by the applicable early retirement factor specified below:

	Under age 62		Age 62 or older	
	or less than 30 years of service		with 30 years of service	
Normal retirement age:	65	66	65	66
Age at retirement				
22.9	55	0.5376	0.4592	
22.10	56	0.5745	0.4992	
22.11	57	0.6092	0.5370	
22.12	58	0.6419	0.5726	
22.13	59	0.6726	0.6062	
22.14	60	0.7354	0.6726	
22.15	61	0.7947	0.7354	
22.16	62	0.8507	0.7947	0.8831
22.17	63	0.9035	0.8507	0.9246
22.18	64	0.9533	0.9035	0.9635
22.19	65	1.0000	0.9533	1.0000
22.20	66		1.0000	1.0000

22.21 For normal retirement ages between ages 65 and 66, the early retirement factors must
 22.22 be determined by linear interpolation between the early retirement factors applicable for
 22.23 normal retirement ages 65 and 66.

22.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

22.25 Sec. 4. Minnesota Statutes 2016, section 354A.37, subdivision 2, is amended to read:

22.26 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
 22.27 who ceases to render teaching services for the school district in which the teachers retirement
 22.28 fund association is located, with sufficient allowable service credit to meet the minimum
 22.29 service requirements specified in section 354A.31, subdivision 1, shall be entitled to a
 22.30 deferred retirement annuity in lieu of a refund under subdivision 1.

22.31 (b) The deferred retirement annuity must be computed under section 354A.31 and shall
 22.32 be augmented as provided in this subdivision by the applicable interest rate compounded
 22.33 annually from the first day of the month following the month during which the member

23.1 ceased to render teaching service to the effective date of retirement. There is no augmentation
 23.2 if this period is less than three months.

23.3 (c) The deferred annuity commences upon application after the person on deferred status
 23.4 attains at least the minimum age specified in section 354A.31, subdivision 1.

23.5 ~~(b) The monthly annuity amount that had accrued when the member ceased to render~~
 23.6 ~~teaching service must be augmented from the first day of the month following the month~~
 23.7 ~~during which the member ceased to render teaching service to the effective date of retirement.~~
 23.8 ~~There is no augmentation if this period is less than three months. The rate of augmentation~~
 23.9 ~~is~~

23.10 (d) For a person who became a covered employee before July 1, 2006, the annuity must
 23.11 be augmented as follows:

23.12 (1) three percent compounded annually until January 1 of the year following the year
 23.13 in which the former member attains age 55; or until June 30, 2012, whichever is earlier;

23.14 (2) five percent compounded annually after that date to July 1 from the January 1, next
 23.15 following the attainment of age 55 or until June 30, 2012, and;

23.16 (3) two percent compounded annually after that date to the effective date of retirement
 23.17 if the employee became an employee before July 1, 2006, and at from July 1, 2012, until
 23.18 June 30, 2018; and

23.19 (4) after June 30, 2018, the deferred annuity must not be augmented.

23.20 (e) For a person who became a covered employee after June 30, 2006, the annuity must
 23.21 be augmented as follows:

23.22 (1) 2.5 percent compounded annually to July 1, 2012, and until June 30, 2012;

23.23 (2) two percent compounded annually after that date to the effective date of retirement
 23.24 if the employee became an employee after June 30, 2006 from July 1, 2012, until June 30,
 23.25 2018; and

23.26 ~~. If a person has more than one period of uninterrupted service, a separate average salary~~
 23.27 ~~determined under section 354A.31 must be used for each period, and the monthly annuity~~
 23.28 ~~amount related to each period must be augmented as provided in this subdivision. The sum~~
 23.29 ~~of the augmented monthly annuity amounts determines the total deferred annuity payable.~~
 23.30 ~~If a person repays a refund, the service restored by the repayment must be considered as~~
 23.31 ~~continuous with the next period of service for which the person has credit with the fund. If~~
 23.32 ~~a person does not render teaching services in any one fiscal year or more consecutive fiscal~~

24.1 ~~years and then resumes teaching service, the formula percentages used from the date of~~
24.2 ~~resumption of teaching service are those applicable to new members. The mortality table~~
24.3 ~~and interest assumption used to compute the annuity are the table established by the fund~~
24.4 ~~to compute other annuities, and the interest assumption under section 356.215 in effect~~
24.5 ~~when the member retires. A period of uninterrupted service for the purpose of this subdivision~~
24.6 ~~means a period of covered teaching service during which the member has not been separated~~
24.7 ~~from active service for more than one fiscal year.~~

24.8 (3) after June 30, 2018, the deferred annuity must not be augmented.

24.9 ~~(e)~~ (f) The augmentation provided by this subdivision applies to the benefit provided in
24.10 section 354A.35, subdivision 2.

24.11 (g) The augmentation provided by this subdivision does not apply to any period in which
24.12 a person is on an approved leave of absence from an employer unit.

24.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

24.14 Sec. 5. Minnesota Statutes 2016, section 354A.37, subdivision 3, is amended to read:

24.15 Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies
24.16 for a refund under subdivision 1 is entitled to receive a refund equal to the amount of the
24.17 former coordinated member's accumulated employee contributions with interest at the ~~rate~~
24.18 ~~of~~ following rates for the applicable period:

24.19 (a) Six percent per annum compounded annually to July 1, 2011, ~~if the person is a former~~
24.20 ~~member of the St. Paul Teachers Retirement Fund Association, and;~~

24.21 (b) four percent per annum compounded annually to July 1, 2017; and

24.22 (c) three percent per annum compounded annually thereafter.

24.23 Sec. 6. **REPEALER.**

24.24 (a) Minnesota Statutes 2016, section 354A.29, subdivisions 8 and 9, are repealed.

24.25 (b) Minnesota Statutes 2016, section 354A.39, is repealed.

24.26 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

24.27 Paragraph (b) is effective July 1, 2017.

ARTICLE 5

POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS
AND GENERAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

Subd. 8. ~~Interest and salary~~ Actuarial assumptions. (a) The actuarial valuation must use the applicable following ~~interest~~ investment return assumption:

~~(1) select and ultimate interest rate assumption~~

	ultimate interest rate assumption
plan	
teachers retirement plan	8.5%

~~The select preretirement interest rate assumption for the period through June 30, 2017, is eight percent.~~

~~(2) single rate interest rate assumption~~

	interest rate <u>investment return</u> assumption
plan	
general state employees retirement plan	8 <u>7.5%</u>
correctional state employees retirement plan	8 <u>7.5</u>
State Patrol retirement plan	8 <u>7.5</u>
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8 <u>7.5</u>
general public employees retirement plan	8 <u>7.5</u>
public employees police and fire retirement plan	8 <u>7.5</u>
local government correctional service retirement plan	8 <u>7.5</u>
<u>teachers retirement plan</u>	<u>7.5</u>
St. Paul teachers retirement plan	8 <u>7.5</u>
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighter relief associations	5
monthly benefit retirement plans in the statewide volunteer firefighter retirement plan	6

~~(b)(1) If funding stability has been attained,~~ The actuarial valuation for each of the covered retirement plans listed in section 356.415, subdivision 2, must use a take into account the postretirement adjustment rate actuarial assumption equal to the postretirement adjustment

26.1 ~~rate or rates applicable to the plan as specified in section 354A.27, subdivision 7; 354A.29,~~
 26.2 ~~subdivision 9 7; or 356.415, subdivision 1, whichever applies.~~

26.3 ~~(2) If funding stability has not been attained, the valuation must use a select postretirement~~
 26.4 ~~adjustment rate actuarial assumption equal to the postretirement adjustment rate specified~~
 26.5 ~~in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a,~~
 26.6 ~~1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary~~
 26.7 ~~estimates that the plan will attain the defined funding stability measure, and thereafter an~~
 26.8 ~~ultimate postretirement adjustment rate actuarial assumption equal to the postretirement~~
 26.9 ~~adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415,~~
 26.10 ~~subdivision 1, for the applicable period or periods beginning when funding stability is~~
 26.11 ~~projected to be attained.~~

26.12 (c) The actuarial valuation must use the applicable following single rate future salary
 26.13 increase assumption, the applicable following modified single rate future salary increase
 26.14 assumption, or the applicable following graded rate future salary increase assumption:

26.15 (1) single rate future salary increase assumption

plan	future salary increase assumption
26.16 legislators retirement plan	5%
26.17 judges retirement plan	2.75
26.18 Bloomington Fire Department Relief Association	4

26.20 (2) age-related future salary increase age-related select and ultimate future salary increase
 26.21 assumption or graded rate future salary increase assumption

plan	future salary increase assumption
26.22 local government correctional service retirement plan	assumption B
26.23 St. Paul teachers retirement plan	assumption A

26.25 For plans other than the St. Paul teachers
 26.26 retirement plan and the local government
 26.27 correctional service retirement plan, the select
 26.28 calculation is: during the designated select
 26.29 period, a designated percentage rate is
 26.30 multiplied by the result of the designated
 26.31 integer minus T, where T is the number of
 26.32 completed years of service, and is added to
 26.33 the applicable future salary increase
 26.34 assumption. The designated select period is

27.1 ten years and the designated integer is ten for
 27.2 the local government correctional service
 27.3 retirement plan and 15 for the St. Paul
 27.4 Teachers Retirement Fund Association. The
 27.5 designated percentage rate is 0.2 percent for
 27.6 the St. Paul Teachers Retirement Fund
 27.7 Association.

27.8 The ultimate future salary increase assumption is:

27.9	age	A	B
27.10	16	5.9%	8.75%
27.11	17	5.9	8.75
27.12	18	5.9	8.75
27.13	19	5.9	8.75
27.14	20	5.9	8.75
27.15	21	5.9	8.5
27.16	22	5.9	8.25
27.17	23	5.85	8
27.18	24	5.8	7.75
27.19	25	5.75	7.5
27.20	26	5.7	7.25
27.21	27	5.65	7
27.22	28	5.6	6.75
27.23	29	5.55	6.5
27.24	30	5.5	6.5
27.25	31	5.45	6.25
27.26	32	5.4	6.25
27.27	33	5.35	6.25
27.28	34	5.3	6
27.29	35	5.25	6
27.30	36	5.2	5.75
27.31	37	5.15	5.75
27.32	38	5.1	5.75
27.33	39	5.05	5.5
27.34	40	5	5.5
27.35	41	4.95	5.5
27.36	42	4.9	5.25
27.37	43	4.85	5

28.1	44	4.8	5
28.2	45	4.75	4.75
28.3	46	4.7	4.75
28.4	47	4.65	4.75
28.5	48	4.6	4.75
28.6	49	4.55	4.75
28.7	50	4.5	4.75
28.8	51	4.45	4.75
28.9	52	4.4	4.75
28.10	53	4.35	4.75
28.11	54	4.3	4.75
28.12	55	4.25	4.5
28.13	56	4.2	4.5
28.14	57	4.15	4.25
28.15	58	4.1	4
28.16	59	4.05	4
28.17	60	4	4
28.18	61	4	4
28.19	62	4	4
28.20	63	4	4
28.21	64	4	4
28.22	65	4	3.75
28.23	66	4	3.75
28.24	67	4	3.75
28.25	68	4	3.75
28.26	69	4	3.75
28.27	70	4	3.75

28.28 (3) service-related ultimate future salary increase assumption

28.29	general state employees retirement plan of the Minnesota	assumption A
28.30	State Retirement System	
28.31	general employees retirement plan of the Public	assumption B
28.32	Employees Retirement Association	
28.33	Teachers Retirement Association	assumption C
28.34	public employees police and fire retirement plan	assumption D
28.35	State Patrol retirement plan	assumption E
28.36	correctional state employees retirement plan of the	assumption F
28.37	Minnesota State Retirement System	

29.1	service						
29.2	length	A	B	C	D	E	F
29.3	1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
29.4	2	7.85	8.65	9	10.75	7.25	5.6
29.5	3	6.65	7.21	8	8.75	6.75	5.45
29.6	4	5.95	6.33	7.5	7.75	6.5	5.3
29.7	5	5.45	5.72	7.25	6.25	6.25	5.15
29.8	6	5.05	5.27	7	5.85	6	5
29.9	7	4.75	4.91	6.85	5.55	5.75	4.85
29.10	8	4.45	4.62	6.7	5.35	5.6	4.7
29.11	9	4.25	4.38	6.55	5.15	5.45	4.55
29.12	10	4.15	4.17	6.4	5.05	5.3	4.4
29.13	11	3.95	3.99	6.25	4.95	5.15	4.3
29.14	12	3.85	3.83	6	4.85	5	4.2
29.15	13	3.75	3.69	5.75	4.75	4.85	4.1
29.16	14	3.55	3.57	5.5	4.65	4.7	4
29.17	15	3.45	3.45	5.25	4.55	4.55	3.9
29.18	16	3.35	3.35	5	4.55	4.4	3.8
29.19	17	3.25	3.26	4.75	4.55	4.25	3.7
29.20	18	3.25	3.25	4.5	4.55	4.1	3.6
29.21	19	3.25	3.25	4.25	4.55	3.95	3.5
29.22	20	3.25	3.25	4	4.55	3.8	3.5
29.23	21	3.25	3.25	3.9	4.45	3.75	3.5
29.24	22	3.25	3.25	3.8	4.35	3.75	3.5
29.25	23	3.25	3.25	3.7	4.25	3.75	3.5
29.26	24	3.25	3.25	3.6	4.25	3.75	3.5
29.27	25	3.25	3.25	3.5	4.25	3.75	3.5
29.28	26	3.25	3.25	3.5	4.25	3.75	3.5
29.29	27	3.25	3.25	3.5	4.25	3.75	3.5
29.30	28	3.25	3.25	3.5	4.25	3.75	3.5
29.31	29	3.25	3.25	3.5	4.25	3.75	3.5
29.32	30 or more	3.25	3.25	3.5	4.25	3.75	3.5

29.33 (d) The actuarial valuation must use the applicable following payroll growth assumption
 29.34 for calculating the amortization requirement for the unfunded actuarial accrued liability
 29.35 where the amortization retirement is calculated as a level percentage of an increasing payroll:

29.36	plan	payroll growth assumption
29.37	general state employees retirement plan of the Minnesota	3.5%
29.38	State Retirement System	

30.1	correctional state employees retirement plan	3.5
30.2	State Patrol retirement plan	3.5
30.3	judges retirement plan	2.75
30.4	general employees retirement plan of the Public	3.5
30.5	Employees Retirement Association	
30.6	public employees police and fire retirement plan	3.5
30.7	local government correctional service retirement plan	3.5
30.8	teachers retirement plan	3.75
30.9	St. Paul teachers retirement plan	4

30.10 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
30.11 different salary assumption or a different payroll increase assumption:

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

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

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

30.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

30.18 Sec. 2. Minnesota Statutes 2016, section 356.215, subdivision 9, is amended to read:

30.19 Subd. 9. **Other assumptions.** ~~The~~ (a) Each plan's actuarial valuation must use
30.20 assumptions concerning base mortality rates, disability, retirement, withdrawal, retirement
30.21 age, and any other relevant demographic or economic factor. These assumptions must be
30.22 set at levels consistent with those determined in the most recent quadrennial experience
30.23 study completed under subdivision 16, if required, or ~~representative of the best estimate of~~
30.24 ~~future experience~~ as recommended by the plan's approved actuary, if a quadrennial experience
30.25 study is not required.

30.26 (b) The actuarial valuation may use an assumption concerning future mortality
30.27 improvement. This assumption may be set at levels consistent with those determined in the
30.28 most recent mortality improvement scale published by the Society of Actuaries or as
30.29 otherwise recommended by the plan's approved actuary.

30.30 (c) The actuarial valuation must contain an exhibit indicating ~~any~~ the actuarial
30.31 assumptions used in preparing the valuation report.

30.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

31.1 Sec. 3. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

31.2 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
31.3 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
31.4 reporting purposes indicating the additional annual contribution sufficient to amortize the
31.5 unfunded actuarial accrued liability and must contain an exhibit for contribution
31.6 determination purposes indicating the additional contribution sufficient to amortize the
31.7 unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph
31.8 (c), but excluding the legislators retirement plan, the additional contribution must be
31.9 calculated on a level percentage of covered payroll basis by the established date for full
31.10 funding in effect when the valuation is prepared, assuming annual payroll growth at the
31.11 applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement
31.12 plans and for the legislators retirement plan, the additional annual contribution must be
31.13 calculated on a level annual dollar amount basis.

31.14 (b) For any retirement plan other than a retirement plan governed by paragraph (d), (e),
31.15 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for
31.16 calculating the actuarial accrued liability of the fund, a change in the benefit plan governing
31.17 annuities and benefits payable from the fund, a change in the actuarial cost method used in
31.18 calculating the actuarial accrued liability of all or a portion of the fund, or a combination
31.19 of the three, which change or changes by itself or by themselves without inclusion of any
31.20 other items of increase or decrease produce a net increase in the unfunded actuarial accrued
31.21 liability of the fund, the established date for full funding is the first actuarial valuation date
31.22 occurring after June 1, 2020.

31.23 (c) For any retirement plan, if there has been a change in any or all of the actuarial
31.24 assumptions used for calculating the actuarial accrued liability of the fund, a change in the
31.25 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial
31.26 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,
31.27 or a combination of the three, and the change or changes, by itself or by themselves and
31.28 without inclusion of any other items of increase or decrease, produce a net increase in the
31.29 unfunded actuarial accrued liability in the fund, the established date for full funding must
31.30 be determined using the following procedure:

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

32.1 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
32.2 needed to amortize the unfunded actuarial accrued liability amount determined under item
32.3 (i) by the established date for full funding in effect before the change must be calculated
32.4 using the interest assumption specified in subdivision 8 in effect before the change;

32.5 (iii) the unfunded actuarial accrued liability of the fund must be determined in accordance
32.6 with any new plan provisions governing annuities and benefits payable from the fund and
32.7 any new actuarial assumptions and the remaining plan provisions governing annuities and
32.8 benefits payable from the fund and actuarial assumptions in effect before the change;

32.9 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
32.10 needed to amortize the difference between the unfunded actuarial accrued liability amount
32.11 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
32.12 under item (iii) over a period of 30 years from the end of the plan year in which the applicable
32.13 change is effective must be calculated using the applicable interest assumption specified in
32.14 subdivision 8 in effect after any applicable change;

32.15 (v) the level annual dollar or level percentage amortization contribution under item (iv)
32.16 must be added to the level annual dollar amortization contribution or level percentage
32.17 calculated under item (ii);

32.18 (vi) the period in which the unfunded actuarial accrued liability amount determined in
32.19 item (iii) is amortized by the total level annual dollar or level percentage amortization
32.20 contribution computed under item (v) must be calculated using the interest assumption
32.21 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
32.22 integral number of years, but not to exceed 30 years from the end of the plan year in which
32.23 the determination of the established date for full funding using the procedure set forth in
32.24 this clause is made and not to be less than the period of years beginning in the plan year in
32.25 which the determination of the established date for full funding using the procedure set forth
32.26 in this clause is made and ending by the date for full funding in effect before the change;
32.27 and

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

32.31 (d) For the general employees retirement plan of the Public Employees Retirement
32.32 Association, the established date for full funding is June 30, ~~2031~~ 2047.

32.33 (e) For the Teachers Retirement Association, the established date for full funding is June
32.34 30, ~~2037~~ 2047.

33.1 (f) For the correctional state employees retirement plan and the State Patrol retirement
 33.2 plan of the Minnesota State Retirement System, the established date for full funding is June
 33.3 30, ~~2038~~ 2047.

33.4 (g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~
 33.5 2047.

33.6 (h) For the local government correctional service retirement plan and the public employees
 33.7 police and fire retirement plan, the established date for full funding is June 30, ~~2038~~ 2047.

33.8 (i) For the St. Paul Teachers Retirement Fund Association, the established date for full
 33.9 funding is June 30, 2042. ~~In addition to other requirements of this chapter, the annual~~
 33.10 ~~actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency~~
 33.11 ~~or sufficiency in annual contributions when comparing liabilities to the market value of the~~
 33.12 ~~assets of the fund as of the close of the most recent fiscal year~~ 2047.

33.13 (j) For the general state employees retirement plan of the Minnesota State Retirement
 33.14 System, the established date for full funding is June 30, ~~2040~~ 2047.

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

33.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

33.22 Sec. 4. Minnesota Statutes 2016, section 356.30, subdivision 1, is amended to read:

33.23 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions
 33.24 of the laws governing the covered retirement plans ~~enumerated~~ listed in subdivision 3, a
 33.25 ~~person who has met the qualifications of paragraph (b)~~ person who has met the qualifications of paragraph (b) may elect to receive, upon retirement,
 33.26 a retirement annuity from each ~~enumerated~~ covered retirement plan ~~in which the person has~~
 33.27 ~~at least one-half year of allowable service, based on the allowable service in each plan,~~
 33.28 subject to the provisions of paragraph ~~(e)~~ (b), if the person has:

33.29 (1) allowable service in any two or more of the covered plans;

33.30 (2) at least one-half year of allowable service in each covered plan, based on the allowable
 33.31 service in each plan;

34.1 (3) total allowable service that equals or exceeds the longest service credit vesting
 34.2 requirement of the applicable retirement plan; and

34.3 (4) not begun to receive an annuity from any covered plan or has made application for
 34.4 benefits from each applicable plan and the retirement annuity effective dates of each plan
 34.5 are within a one-year period.

34.6 ~~(b) A person may receive, upon retirement, a retirement annuity from each enumerated~~
 34.7 ~~retirement plan in which the person has at least one-half year of allowable service, and~~
 34.8 ~~augmentation of a deferred annuity calculated at the appropriate rate under the laws governing~~
 34.9 ~~each public pension plan or fund named in subdivision 3, based on the date of the person's~~
 34.10 ~~initial entry into public employment from the date the person terminated all public service~~
 34.11 ~~if:~~

34.12 ~~(1) the person has allowable service in any two or more of the enumerated plans;~~

34.13 ~~(2) the person has sufficient allowable service in total that equals or exceeds the applicable~~
 34.14 ~~service credit vesting requirement of the retirement plan with the longest applicable service~~
 34.15 ~~credit vesting requirement; and~~

34.16 ~~(3) the person has not begun to receive an annuity from any enumerated plan or the~~
 34.17 ~~person has made application for benefits from each applicable plan and the effective dates~~
 34.18 ~~of the retirement annuity with each plan under which the person chooses to receive an~~
 34.19 ~~annuity are within a one-year period.~~

34.20 ~~(e)~~ (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity
 34.21 from each plan must be based upon the allowable service, accrual rates, and average salary
 34.22 in the applicable plan except as further specified or modified in the following clauses:

34.23 (1) the laws governing annuities must be the law in effect on the date of termination
 34.24 from the last period of public service under a covered retirement plan with which the person
 34.25 earned a minimum of one-half year of allowable service credit during that employment;

34.26 (2) the "average salary" ~~on which the annuity from each covered plan in which the~~
 34.27 ~~employee has credit in a~~ used to calculate the annuity for each formula plan must be based
 34.28 on the employee's highest five successive years of covered salary during the entire service
 34.29 in covered plans;

34.30 (3) the accrual rates ~~to be used by~~ under each plan must be ~~those~~ the percentages
 34.31 prescribed by each plan's formula as continued in effect for the respective years of allowable
 34.32 service from one plan to the next, recognizing all previous allowable service with the other
 34.33 covered plans;

35.1 (4) the allowable service in all the covered plans must be combined in determining
35.2 eligibility for and the application of each plan's provisions ~~in~~ with respect to reduction in
35.3 the annuity amount for retirement prior to normal retirement age; and

35.4 (5) the annuity amount payable for any allowable service under a nonformula plan ~~of~~
35.5 that is a covered plan must not be affected, but such service and covered salary must be
35.6 used in the above calculation.

35.7 (c) If a person eligible for an annuity under paragraph (a) from each covered plan
35.8 terminates all public service, the deferred annuity must be augmented from the date of
35.9 termination until the earlier of:

35.10 (1) the effective date of retirement; or

35.11 (2) December 31, 2017, for the Minnesota State Retirement System and the Public
35.12 Employees Retirement Association or June 30, 2018, for the Teachers Retirement Association
35.13 and the St. Paul Teachers Retirement Association.

35.14 A deferred annuity must not be augmented after the applicable dates under clause (2).
35.15 The appropriate rate of augmentation is the rate in effect on the date on which the person
35.16 entered into public employment and subsequently adjusted according to the laws governing
35.17 each covered plan, as applicable.

35.18 (d) This section does not apply to any person whose final termination from the last public
35.19 service under a covered plan was before May 1, 1975.

35.20 (e) For the purpose of computing annuities under this section, ~~the accrual rates used by~~
35.21 ~~any covered plan, except the public employees police and fire plan, the judges retirement~~
35.22 ~~fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year of service~~
35.23 ~~for any year of service or fraction thereof. The formula percentage used by:~~

35.24 (1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service
35.25 for any year of service or fraction thereof. ~~The accrual rate used by;~~

35.26 (2) the public employees police and fire plan and the State Patrol retirement plan accrual
35.27 rate must not exceed 3.0 percent per year of service for any year of service or fraction
35.28 thereof. ~~The accrual rate or rates used by;~~

35.29 (3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit
35.30 does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph
35.31 (c); and

36.1 (4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service
36.2 for any year of service or fraction thereof.

36.3 (f) Any period of time for which a person has credit in more than one of the covered
36.4 plans must be used only once for the purpose of determining total allowable service.

36.5 (g) If the period of duplicated service credit is more than one-half year, or the person
36.6 has credit for more than one-half year, with each of the plans, each plan must apply its
36.7 formula to a prorated service credit for the period of duplicated service based on a fraction
36.8 of the salary on which deductions were paid to that fund for the period divided by the total
36.9 salary on which deductions were paid to all plans for the period.

36.10 (h) If the period of duplicated service credit is less than one-half year, or when added
36.11 to other service credit with that plan is less than one-half year, the service credit must be
36.12 ignored and a refund of contributions made to the person in accord with that plan's refund
36.13 provisions.

36.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

36.15 **Sec. 5. [356.311] COVERAGE BY MORE THAN ONE PLAN.**

36.16 (a) Any person who has been a member of two or more of the retirement plans listed in
36.17 paragraph (b) is entitled, when qualified, to an annuity from each fund if:

36.18 (i) the person's combined service in any two or more retirement plans equals or exceeds
36.19 the vesting requirement of the fund with the longest vesting requirement; and

36.20 (ii) the person has not taken a refund from any of the retirement plans.

36.21 (b) This section applies to any defined benefit plan administered by the Minnesota State
36.22 Retirement System, including the State Patrol Retirement Plan; the Public Employees
36.23 Retirement Association, including the public employees police and fire plan; the Teachers
36.24 Retirement Association; and the St. Paul Teachers Retirement Fund Association, except as
36.25 noted in paragraph (c).

36.26 (c) This section does not apply to plans providing benefits for police officers or
36.27 firefighters under sections 424A.091 to 424A.096 or the Bloomington Fire Department
36.28 Relief Association.

36.29 (d) No portion of the service upon which the retirement annuity from one retirement
36.30 plan is based shall be again used in the computation of a retirement annuity from another
36.31 plan. The annuity from each plan must be determined under the laws applicable to that plan
36.32 except that the requirement that a person meet the vesting requirement in any particular

37.1 plan shall not apply, provided the combined service in any two or more plans equals or
 37.2 exceeds the vesting requirement of the plan with the longest vesting requirement.

37.3 (e) Any deferred annuity payable under this section shall be subject to augmentation
 37.4 under the laws applicable to the deferred annuity.

37.5 (f) Any person to whom an annuity is not payable under this section because the person
 37.6 took a refund from one of the funds shall be entitled to repay the refund in accordance with
 37.7 the laws governing the refund. Upon repayment, the person is entitled to annuities under
 37.8 this section, if the person would otherwise be entitled.

37.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

37.10 Sec. 6. Minnesota Statutes 2016, section 356.415, subdivision 1, is amended to read:

37.11 Subdivision 1. **Annual postretirement adjustments; generally Minnesota State**
 37.12 **Retirement System general state employees retirement plan, legislators retirement**
 37.13 **plan, and unclassified state employees retirement program.** (a) Except as otherwise
 37.14 ~~provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f~~ set forth in paragraph (c), recipients of a
 37.15 retirement annuity, disability benefit, or survivor benefit recipients of a covered from the
 37.16 general state employees retirement plan, the legislators retirement plan, or the unclassified
 37.17 state employees retirement program are entitled to a an annual postretirement adjustment
 37.18 ~~annually on,~~ effective as of each January 1, as follows:

37.19 (1) effective January 1, 2018, through December 31, 2022, a postretirement increase of
 37.20 ~~2.5~~ one percent must be applied each year, ~~effective January 1,~~ to the monthly annuity or
 37.21 benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit
 37.22 for at least 12 full months as of the June 30 of the calendar year immediately before the
 37.23 adjustment; ~~and~~

37.24 (2) effective January 1, 2018, through December 31, 2022, for each annuitant or benefit
 37.25 recipient who has been receiving an annuity or a benefit amount for at least one full month,
 37.26 but less than 12 full months as of the June 30 of the calendar year immediately before the
 37.27 adjustment, an annual postretirement increase of 1/12 of ~~2.5~~ one percent for each month
 37.28 that the person has been receiving an annuity or benefit must be applied to the monthly
 37.29 annuity or benefit amount of the annuitant or benefit recipient;

37.30 (3) effective January 1, 2023, and thereafter, a postretirement increase of 1.5 percent
 37.31 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
 37.32 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
 37.33 June 30 of the calendar year immediately before the adjustment; and

38.1 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
38.2 has been receiving an annuity or a benefit amount for at least one full month, but less than
38.3 12 full months as of the June 30 of the calendar year immediately before the adjustment,
38.4 an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has
38.5 been receiving an annuity or benefit must be applied to the monthly annuity or benefit
38.6 amount of the annuitant or benefit recipient.

38.7 (b) An increase in annuity or benefit payments under this ~~section~~ subdivision must be
38.8 made automatically unless written notice is filed by the annuitant or benefit recipient with
38.9 the executive director of the covered retirement plan requesting that the increase not be
38.10 made.

38.11 (c) Members who retire on or after January 1, 2023, under the general state employees
38.12 retirement plan, the legislators retirement plan, or the unclassified state employees retirement
38.13 program are entitled to an annual postretirement adjustment of the member's retirement
38.14 annuity, effective as of each January 1, beginning with the year following the year in which
38.15 the member attains normal retirement age, as follows:

38.16 (1) if a member has been receiving an annuity for at least 12 full months as of the June
38.17 30 of the calendar year immediately before the date of the adjustment, a postretirement
38.18 increase equal to the percentage specified in paragraph (a), clause (1) or (3), as applicable,
38.19 must be applied, effective on January 1, to the member's monthly annuity;

38.20 (2) if a member has been receiving an annuity for at least one full month, but less than
38.21 12 full months as of the June 30 of the calendar year immediately before the date of
38.22 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for
38.23 each month that the member has been receiving an annuity must be applied, effective on
38.24 January 1, to the member's monthly annuity; or

38.25 (3) if a member has been receiving an annuity for fewer than six months before the date
38.26 of adjustment, a postretirement increase shall not be applied until the next January 1 and
38.27 the amount of the adjustment shall be the amount determined under clause (2).

38.28 (d) Paragraph (c) does not apply to members who retire under section 352.116,
38.29 subdivision 1, paragraph (c).

38.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

38.31 Sec. 7. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

38.32 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System**
38.33 **~~plans other than State Patrol~~ correctional state employees retirement plan. (a)**

39.1 Retirement annuity, disability benefit, or survivor benefit recipients of the legislators
39.2 retirement plan, including constitutional officers as specified in chapter 3A, the general
39.3 state employees retirement plan, the correctional state employees retirement plan, and the
39.4 unclassified state employees retirement program are entitled to a an annual postretirement
39.5 adjustment ~~annually on~~, effective as of each January 1, as follows:

39.6 (1) ~~for each successive January 1, if the definition of funding stability under paragraph~~
39.7 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~
39.8 ~~plan~~, a postretirement increase of ~~two~~ 1.5 percent must be applied each year, ~~effective on~~
39.9 ~~January 1~~, to the monthly annuity or benefit of each annuitant or benefit recipient who has
39.10 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
39.11 calendar year immediately before the adjustment; and

39.12 (2) ~~for each successive January 1, if the definition of funding stability under paragraph~~
39.13 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~
39.14 ~~plan~~, for each annuitant or benefit recipient who has been receiving an annuity or a benefit
39.15 for at least one full month, but less than 12 full months as of the June 30 of the calendar
39.16 year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~
39.17 1.5 percent for each month that the person has been receiving an annuity or benefit must
39.18 be applied to the monthly annuity or benefit amount of each annuitant or benefit recipient.

39.19 ~~(b) Increases under this subdivision for the general state employees retirement plan or~~
39.20 ~~the correctional state employees retirement plan terminate on December 31 of the calendar~~
39.21 ~~year in which two prior consecutive actuarial valuations prepared by the approved actuary~~
39.22 ~~under sections 356.214 and 356.215 and the standards for actuarial work promulgated by~~
39.23 ~~the Legislative Commission on Pensions and Retirement indicate that the market value of~~
39.24 ~~assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability~~
39.25 ~~of the retirement plan and increases under subdivision 1 recommence after that date. Increases~~
39.26 ~~under this subdivision for the legislators retirement plan established under chapter 3A,~~
39.27 ~~including the constitutional officers specified in that chapter, and for the unclassified state~~
39.28 ~~employees retirement program, terminate on December 31 of the calendar year in which~~
39.29 ~~two prior consecutive actuarial valuations prepared by the approved actuary under sections~~
39.30 ~~356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative~~
39.31 ~~Commission on Pensions and Retirement indicate that the market value of assets of the~~
39.32 ~~general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued~~
39.33 ~~liability of the retirement plan and increases under subdivision 1 recommence after that~~
39.34 ~~date.~~

40.1 ~~(e) After having met the definition of funding stability under paragraph (b), the increase~~
 40.2 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~
 40.3 ~~for the general state employees retirement plan or the correctional state employees retirement~~
 40.4 ~~plan, is again to be applied in a subsequent year or years if the market value of assets of the~~
 40.5 ~~applicable plan equals or is less than:~~

40.6 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 40.7 ~~actuarial valuations; or~~

40.8 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 40.9 ~~actuarial valuation.~~

40.10 ~~(d) After having met the definition of funding stability under paragraph (b), the increase~~
 40.11 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~
 40.12 ~~for the legislators retirement plan, including the constitutional officers, and for the~~
 40.13 ~~unclassified state employees retirement program, is again to be applied in a subsequent year~~
 40.14 ~~or years if the market value of assets of the general state employees retirement plan equals~~
 40.15 ~~or is less than:~~

40.16 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 40.17 ~~actuarial valuations; or~~

40.18 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 40.19 ~~actuarial valuation.~~

40.20 ~~(e) (b)~~ An increase in annuity or benefit payments under this subdivision must be made
 40.21 automatically unless written notice is filed by the annuitant or benefit recipient with the
 40.22 executive director of the applicable covered retirement plan requesting that the increase not
 40.23 be made.

40.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

40.25 Sec. 8. Minnesota Statutes 2016, section 356.415, subdivision 1b, is amended to read:

40.26 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**
 40.27 **plan and local government correctional retirement plan.** (a) Except as set forth in
 40.28 paragraph (c), recipients of a retirement annuity, disability benefit, or survivor benefit
 40.29 recipients of the general employees retirement plan of the Public Employees Retirement
 40.30 Association ~~and the local government correctional service retirement plan~~ are entitled to a
 40.31 an annual postretirement adjustment ~~annually on,~~ effective as of each January 1, as follows:

41.1 (1) ~~for each successive January 1 until funding stability is restored for the applicable~~
41.2 ~~retirement plan~~, a postretirement increase of one percent must be applied each year, ~~effective~~
41.3 ~~on January 1~~, to the monthly annuity or benefit amount of each annuitant or benefit recipient
41.4 who has been receiving an annuity or benefit for at least 12 full months as of the June 30
41.5 of the calendar year immediately before the adjustment; and

41.6 (2) ~~for each successive January 1 until funding stability is restored for the applicable~~
41.7 ~~retirement plan~~, for each annuitant or benefit recipient who has been receiving an annuity
41.8 or a benefit for at least one full month, but less than 12 full months as of the June 30 of the
41.9 calendar year immediately before the adjustment, an annual postretirement increase of 1/12
41.10 of one percent for each month the person has been receiving an annuity or benefit must be
41.11 applied; to the monthly annuity or benefit amount of each annuitant or benefit recipient.

41.12 (3) ~~for each January 1 following the restoration of funding stability for the applicable~~
41.13 ~~retirement plan~~, a postretirement increase of 2.5 percent must be applied each year, ~~effective~~
41.14 ~~January 1~~, to the monthly annuity or benefit amount of each annuitant or benefit recipient
41.15 who has been receiving an annuity or benefit for at least 12 full months as of the June 30
41.16 of the calendar year immediately before the adjustment; and

41.17 (4) ~~for each January 1 following restoration of funding stability for the applicable~~
41.18 ~~retirement plan~~, for each annuity or benefit recipient who has been receiving an annuity or
41.19 a benefit for at least one full month, but less than 12 full months as of the June 30 of the
41.20 calendar year immediately before the adjustment, an annual postretirement increase of 1/12
41.21 of 2.5 percent for each month the person has been receiving an annuity or benefit must be
41.22 applied.

41.23 (b) ~~Funding stability is restored when the market value of assets of the applicable~~
41.24 ~~retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the~~
41.25 ~~applicable plan in the two most recent consecutive actuarial valuations prepared under~~
41.26 ~~section 356.215 and the standards for actuarial work by the approved actuary retained by~~
41.27 ~~the Public Employees Retirement Association under section 356.214.~~

41.28 (c) ~~After having met the definition of funding stability under paragraph (b), the increase~~
41.29 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~
41.30 ~~is again to be applied in a subsequent year or years if the market value of assets of the~~
41.31 ~~applicable plan equals or is less than:~~

41.32 (1) ~~85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
41.33 ~~actuarial valuations; or~~

42.1 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 42.2 ~~actuarial valuation.~~

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

42.7 (c) Members who retire on or after January 1, 2023, are entitled to an annual
 42.8 postretirement adjustment of the member's retirement annuity, effective as of each January
 42.9 1, beginning with the year following the year in which the member attains normal retirement
 42.10 age, as follows:

42.11 (1) if a member has been receiving an annuity for at least 12 full months as of the June
 42.12 30 of the calendar year immediately before the date of the adjustment, a postretirement
 42.13 increase equal to the percentage specified in paragraph (a), clause (1), must be applied,
 42.14 effective on January 1, to the member's monthly annuity;

42.15 (2) if a member has been receiving an annuity for at least one full month, but less than
 42.16 12 full months as of the June 30 of the calendar year immediately before the date of
 42.17 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for
 42.18 each month that the member has been receiving an annuity must be applied, effective on
 42.19 January 1 to the member's monthly annuity; or

42.20 (3) if a member has been receiving an annuity for fewer than six months before the date
 42.21 of adjustment, a postretirement increase shall not be applied until the next January 1 and
 42.22 the amount of the adjustment shall be the amount determined under clause (2).

42.23 (d) Paragraph (c) does not apply to members who retire under section 353.30, subdivision
 42.24 1a.

42.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

42.26 Sec. 9. Minnesota Statutes 2016, section 356.415, subdivision 1c, is amended to read:

42.27 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement
 42.28 annuity, disability benefit, or survivor benefit recipients of the public employees police and
 42.29 fire retirement plan are entitled to a an annual postretirement adjustment ~~annually on~~₂
 42.30 effective as of each January 1, ~~if the definition of funding stability under paragraph (c) has~~
 42.31 ~~not been met~~, as follows:

43.1 ~~(1) for each annuitant or benefit recipient whose annuity or benefit effective date is on~~
43.2 ~~or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full~~
43.3 ~~months as of the immediate preceding June 30, an amount equal to one percent in each year;~~
43.4 ~~or~~

43.5 ~~(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on~~
43.6 ~~or before June 1, 2014, who has been receiving the annuity or benefit for at least one full~~
43.7 ~~month, but less than 12 months, as of the immediate preceding June 30, an amount equal~~
43.8 ~~to 1/12 of one percent for each month of annuity or benefit receipt; and~~

43.9 ~~(3) (1) for each annuitant or benefit recipient whose annuity or benefit effective date is~~
43.10 ~~after June 1, 2014, who will have been receiving an annuity or benefit for at least 36 full~~
43.11 ~~months as of the immediate preceding June 30, an amount equal to a postretirement increase~~
43.12 ~~of one percent must be applied each year to the monthly annuity or benefit amount of the~~
43.13 ~~annuitant or benefit recipient; or~~

43.14 ~~(4) (2) for each annuitant or benefit recipient whose annuity or benefit effective date is~~
43.15 ~~after June 1, 2014, who has been receiving the annuity or benefit for at least 25 full months,~~
43.16 ~~but less than 36 months as of the immediate preceding June 30, an amount equal to a~~
43.17 ~~postretirement increase of 1/12 of one percent for each full month of that the person has~~
43.18 ~~been receiving an annuity or benefit receipt during the fiscal year in which the annuity or~~
43.19 ~~benefit was effective must be applied each year to the monthly annuity or benefit amount~~
43.20 ~~of the annuitant or benefit recipient.~~

43.21 ~~(b) Retirement annuity, disability benefit, or survivor benefit recipients of the public~~
43.22 ~~employees police and fire retirement plan are entitled to a postretirement adjustment annually~~
43.23 ~~on each January 1 following the restoration of funding stability as defined under paragraph~~
43.24 ~~(c) and during the continuation of funding stability as defined under paragraph (c), as follows:~~

43.25 ~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit~~
43.26 ~~for at least 36 full months as of the immediate preceding June 30, an amount equal to 2.5~~
43.27 ~~percent; and~~

43.28 ~~(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit~~
43.29 ~~for at least 25 full months, but less than 36 full months, as of the immediate preceding June~~
43.30 ~~30, an amount equal to 1/12 of 2.5 percent for each full month of annuity or benefit receipt~~
43.31 ~~during the fiscal year in which the annuity or benefit was effective.~~

43.32 ~~(c) Funding stability is restored when the market value of assets of the public employees~~
43.33 ~~police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities~~
43.34 ~~of the applicable plan in the two most recent consecutive actuarial valuations prepared under~~

44.1 ~~section 356.215 and under the standards for actuarial work of the Legislative Commission~~
 44.2 ~~on Pensions and Retirement by the approved actuary retained by the Public Employees~~
 44.3 ~~Retirement Association under section 356.214.~~

44.4 ~~(d) After having met the definition of funding stability under paragraph (c), a full or~~
 44.5 ~~prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies,~~
 44.6 ~~rather than adjustments under paragraph (b), is again applied in a subsequent year or years~~
 44.7 ~~if the market value of assets of the public employees police and fire retirement plan equals~~
 44.8 ~~or is less than:~~

44.9 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~
 44.10 ~~actuarial valuations; or~~

44.11 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~
 44.12 ~~actuarial valuation.~~

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

44.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

44.18 Sec. 10. Minnesota Statutes 2016, section 356.415, subdivision 1d, is amended to read:

44.19 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)
 44.20 Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit,
 44.21 or survivor benefit recipients of the Teachers Retirement Association are entitled to a an
 44.22 annual postretirement adjustment annually on, effective as of each January 1, as follows:

44.23 (1) ~~for each January 1 until funding stability is restored,~~ a postretirement increase of
 44.24 ~~two~~ one percent must be applied each year, ~~effective on January 1,~~ to the monthly annuity
 44.25 or benefit amount of each annuitant or benefit recipient who has been receiving an annuity
 44.26 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
 44.27 before the adjustment; and

44.28 (2) ~~for each January 1 until funding stability is restored,~~ for each annuitant or benefit
 44.29 recipient who has been receiving an annuity or a benefit for at least one full month, but less
 44.30 than 12 full months as of the June 30 of the calendar year immediately before the adjustment,
 44.31 an annual postretirement increase of 1/12 of ~~two~~ one percent for each month the person has
 44.32 been receiving an annuity or benefit must be applied;

45.1 ~~(3) for each January 1 following the restoration of funding stability, a postretirement~~
45.2 ~~increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity~~
45.3 ~~or benefit amount of each annuitant or benefit recipient who has been receiving an annuity~~
45.4 ~~or a benefit for at least 12 full months as of the June 30 of the calendar year immediately~~
45.5 ~~before the adjustment; and~~

45.6 ~~(4) for each January 1 following the restoration of funding stability, for each annuitant~~
45.7 ~~or benefit recipient who has been receiving an annuity or a benefit for at least one month,~~
45.8 ~~but less than 12 full months as of the June 30 of the calendar year immediately before the~~
45.9 ~~adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the~~
45.10 ~~person has been receiving an annuity or benefit must be applied.~~

45.11 ~~(b) Funding stability is restored when the market value of assets of the Teachers~~
45.12 ~~Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of~~
45.13 ~~the Teachers Retirement Association in the two most recent prior actuarial valuations~~
45.14 ~~prepared under section 356.215 and the standards for actuarial work by the approved actuary~~
45.15 ~~retained by the Teachers Retirement Association under section 356.214.~~

45.16 ~~(c) After having met the definition of funding stability under paragraph (b), the increase~~
45.17 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~
45.18 ~~or the increase under paragraph (a), clauses (3) and (4), is again to be applied in a subsequent~~
45.19 ~~year or years if the market value of assets of the plan equals or is less than:~~

45.20 ~~(1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive actuarial~~
45.21 ~~valuations; or~~

45.22 ~~(2) 80 percent of the actuarial accrued liabilities of the plan for the most recent actuarial~~
45.23 ~~valuation.~~

45.24 ~~(d) (b)~~ An increase in annuity or benefit payments under this section must be made
45.25 automatically unless written notice is filed by the annuitant or benefit recipient with the
45.26 executive director of the Teachers Retirement Association requesting that the increase not
45.27 be made.

45.28 ~~(e) (c)~~ The retirement annuity payable to a person who retires before becoming eligible
45.29 for Social Security benefits and who has elected the optional payment as provided in section
45.30 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
45.31 annuity for the purposes of any postretirement adjustment. The period-certain retirement
45.32 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
45.33 65, or normal retirement age, as selected by the member at retirement, for an annuity amount

46.1 payable under section 354.35. A postretirement adjustment granted on the period-certain
46.2 retirement annuity must terminate when the period-certain retirement annuity terminates.

46.3 (d) Members who retire on or after January 1, 2023, are entitled to an annual
46.4 postretirement adjustment of the member's retirement annuity, effective as of each January
46.5 1, beginning with the year following the year in which the member attains normal retirement
46.6 age, as follows:

46.7 (1) if a member has been receiving an annuity for at least 12 full months as of the June
46.8 30 of the calendar year immediately before the date of the adjustment, a postretirement
46.9 increase equal to the percentage specified in paragraph (a), clause (1), must be applied,
46.10 effective on January 1 to the member's monthly annuity;

46.11 (2) if a member has been receiving an annuity for at least one full month, but less than
46.12 12 full months as of the June 30 of the calendar year immediately before the date of
46.13 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for
46.14 each month that the member has been receiving an annuity must be applied, effective on
46.15 January 1, to the member's monthly annuity; or

46.16 (3) if a member has been receiving an annuity for fewer than six months before the date
46.17 of adjustment, a postretirement increase shall not be applied until the next January 1 and
46.18 the amount of the adjustment shall be the amount determined under clause (2).

46.19 (e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision
46.20 6, paragraph (c), item (iii).

46.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

46.22 Sec. 11. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

46.23 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)
46.24 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
46.25 retirement plan are entitled to a an annual postretirement adjustment annually on, effective
46.26 as of each January 1 if the definition of funding stability under paragraph (b) has not been
46.27 met, as follows:

46.28 (1) a postretirement increase of one percent must be applied each year, ~~effective on~~
46.29 ~~January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has
46.30 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
46.31 calendar year immediately before the adjustment; and

47.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
47.2 for at least one full month, but less than 12 full months as of the June 30 of the calendar
47.3 year immediately before the adjustment, an annual postretirement increase of 1/12 of one
47.4 percent for each month that the person has been receiving an annuity or benefit must be
47.5 applied to the monthly annuity or benefit of each annuitant or benefit recipient.

47.6 ~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on~~
47.7 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations for~~
47.8 ~~the plan prepared by the approved actuary under sections 356.214 and 356.215 and the~~
47.9 ~~standards for actuarial work promulgated by the Legislative Commission on Pensions and~~
47.10 ~~Retirement indicates that the market value of assets of the retirement plan equals or exceeds~~
47.11 ~~85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases~~
47.12 ~~under paragraph (a) become effective again on the December 31 of the calendar year in~~
47.13 ~~which the actuarial valuation, or prior consecutive actuarial valuations for the plan prepared~~
47.14 ~~by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial~~
47.15 ~~work promulgated by the Legislative Commission on Pensions and Retirement indicates~~
47.16 ~~that the market value of the assets of the retirement plan equals or is less than 80 percent~~
47.17 ~~of the actuarial accrued liability of the retirement plan for two years, or equals or is less~~
47.18 ~~than 75 percent of the actuarial accrued liability of the retirement plan for one year and~~
47.19 ~~increases under paragraph (c) commence after that date.~~

47.20 ~~(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol~~
47.21 ~~retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:~~

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

47.26 ~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit~~
47.27 ~~for at least one full month, but less than 12 full months as of the June 30 of the calendar~~
47.28 ~~year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5~~
47.29 ~~percent for each month that the person has been receiving an annuity or benefit must be~~
47.30 ~~applied.~~

47.31 ~~(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on~~
47.32 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations~~
47.33 ~~prepared by the approved actuary under sections 356.214 and 356.215 and the standards~~
47.34 ~~for actuarial work adopted by the Legislative Commission on Pensions and Retirement~~

48.1 ~~indicates that the market value of assets of the retirement plan equals or exceeds 90 percent~~
 48.2 ~~of the actuarial accrued liability of the retirement plan and increases under subdivision 1~~
 48.3 ~~recommence after that date.~~

48.4 ~~(e)~~ (b) An increase in annuity or benefit payments under this subdivision must be made
 48.5 automatically unless written notice is filed by the annuitant or benefit recipient with the
 48.6 executive director of the applicable covered retirement plan requesting that the increase not
 48.7 be made.

48.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

48.9 Sec. 12. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

48.10 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System**
 48.11 **judges retirement plan.** ~~(a) The increases provided under this subdivision are in lieu of~~
 48.12 ~~increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor~~
 48.13 ~~benefit recipients of the judges retirement plan.~~

48.14 ~~(b)~~ (a) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 48.15 retirement plan are entitled to a an annual postretirement adjustment annually on, effective
 48.16 as of each January 1; if the definition of funding stability under paragraph (b) has not been
 48.17 met, as follows:

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

48.22 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
 48.23 for at least one full month, but less than 12 full months as of the June 30 of the calendar
 48.24 year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75
 48.25 percent for each month that the person has been receiving an annuity or benefit must be
 48.26 applied to the monthly annuity or benefit of each annuitant or benefit recipient.

48.27 ~~(e)~~ (b) Increases under ~~this subdivision~~ paragraph (a) terminate on December 31 of the
 48.28 calendar year in which two prior consecutive actuarial valuations prepared by the approved
 48.29 actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated
 48.30 by the Legislative Commission on Pensions and Retirement indicates that the market value
 48.31 of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued
 48.32 liability of the retirement plan: and increases under subdivision 1 or 1a, whichever is
 48.33 applicable, paragraph (c) begin on the January 1 next following after that date.

49.1 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
49.2 retirement plan are entitled to a postretirement adjustment annually, effective as of each
49.3 January 1 if the definition of funding stability under paragraph (d) has not been met, as
49.4 follows:

49.5 (1) a postretirement increase of two percent must be applied each year to the monthly
49.6 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
49.7 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
49.8 before the adjustment; and

49.9 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
49.10 for at least one full month, but less than 12 full months as of the June 30 of the calendar
49.11 year immediately before the adjustment, an annual postretirement increase of 1/12 of two
49.12 percent for each month that the person has been receiving an annuity or benefit must be
49.13 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

49.14 (d) Increases under paragraph (c) terminate on December 31 of the calendar year in
49.15 which two prior consecutive actuarial valuations prepared by the approved actuary under
49.16 section 356.214 and the standards for actuarial work promulgated by the Legislative
49.17 Commission on Pensions and Retirement indicate that the market value of assets of the
49.18 judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the
49.19 retirement plan and increases under paragraph (e) begin after that date.

49.20 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
49.21 retirement plan are entitled to a postretirement adjustment annually, effective as of each
49.22 January 1, as follows:

49.23 (1) a postretirement increase of 2.5 percent must be applied each year to the monthly
49.24 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
49.25 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
49.26 before the adjustment; and

49.27 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
49.28 for at least one full month, but less than 12 full months as of the June 30 of the calendar
49.29 year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5
49.30 percent for each month that the person has been receiving an annuity or benefit must be
49.31 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

49.32 ~~(d)~~ (f) An increase in annuity or benefit payments under this subdivision must be made
49.33 automatically unless written notice is filed by the annuitant or benefit recipient with the

50.1 executive director of the applicable covered retirement plan requesting that the increase not
50.2 be made.

50.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

50.4 Sec. 13. Minnesota Statutes 2016, section 356.415, is amended by adding a subdivision
50.5 to read:

50.6 Subd. 1g. **Annual postretirement adjustments; PERA local government correctional**
50.7 **retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients
50.8 of the public employees local government correctional service retirement plan are entitled
50.9 to an annual postretirement adjustment, effective as of each January 1 as follows:

50.10 (1) a postretirement increase of 1.5 percent must be applied each year to the monthly
50.11 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
50.12 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
50.13 before the adjustment; and

50.14 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
50.15 for at least one full month, but less than 12 full months as of the June 30 of the calendar
50.16 year immediately before the adjustment, a postretirement increase of 1/12 of 1.5 percent
50.17 for each month that the person has been receiving an annuity or benefit must be applied to
50.18 the monthly annuity or benefit amount of the annuitant or benefit recipient.

50.19 (b) An increase in annuity or benefit payments under this subdivision must be made
50.20 automatically unless written notice is filed by the annuitant or benefit recipient with the
50.21 executive director of the applicable covered retirement plan requesting that the increase not
50.22 be made.

50.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

50.24 Sec. 14. **STUDY.**

50.25 Before December 31, 2020, the Legislative Commission on Pensions and Retirement
50.26 must conduct a study of the rates of the postretirement adjustments for the covered plans
50.27 as defined in Minnesota Statutes, section 356.415, subdivision 2, and the St. Paul Teachers
50.28 Retirement Fund Association, and make recommendations regarding whether they should
50.29 be modified and whether a new methodology for determining postretirement adjustment
50.30 should be adopted. The Legislative Commission on Pensions and Retirement shall make a
50.31 determination based on the study during the 2021 legislative session.

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

51.1 **ARTICLE 6**

51.2 **INTEREST RATE CONFORMING CHANGES**

51.3 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

51.4 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision
51.5 1 and who is no longer a member of the legislature is entitled to receive, upon written
51.6 application to the executive director on a form prescribed by the executive director, a refund
51.7 from the general fund of all contributions credited to the member's account with interest
51.8 computed as provided in section 352.22, subdivision 2.

51.9 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
51.10 former member of the legislature and the survivors of the former member under this chapter.

51.11 (c) If the former member of the legislature again becomes a member of the legislature
51.12 after having taken a refund as provided in paragraph (a), the member is a member of the
51.13 unclassified employees retirement program of the Minnesota State Retirement System.

51.14 (d) However, the member may reinstate the rights and credit for service previously
51.15 forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate~~
51.16 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or
51.17 rates specified in section 356.59, subdivision 2, compounded annually, from the date on
51.18 which the refund was taken to the date on which the refund is repaid.

51.19 (e) A member of the legislature who has received a refund from any of the retirement
51.20 plans specified in section 356.311, paragraph (b), may repay the refund to the respective
51.21 plan under such terms and conditions consistent with the law governing the retirement plan
51.22 if the law governing the plan permits the repayment of refunds. If the total amount to be
51.23 repaid, including principal and interest exceeds \$2,000, repayment may be made in three
51.24 equal installments over a period of 18 months, with the interest accrued during the period
51.25 of the repayment added to the final installment.

51.26 ~~(e)~~ (f) No person may be required to apply for or to accept a refund.

51.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

51.28 Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

51.29 Subd. 13a. **Reduced salary during period of workers' compensation.** An employee
51.30 on leave of absence receiving temporary workers' compensation payments and a reduced
51.31 salary or no salary from the employer who is entitled to allowable service credit for the
51.32 period of absence, may make payment to the fund for the difference between salary received,

52.1 if any, and the salary the employee would normally receive if not on leave of absence during
52.2 the period. The employee shall pay an amount equal to the employee and employer
52.3 contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount
52.4 for the period of the leave of absence.

52.5 The employing department, at its option, may pay the employer amount on behalf of its
52.6 employees. Payment made under this subdivision must include interest at the ~~rate of 8.5~~
52.7 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or
52.8 rates specified in section 356.59, subdivision 2, and must be completed within one year of
52.9 the return from leave of absence.

52.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

52.11 Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

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

52.17 (b) If payment is received by the executive director within one year from the date the
52.18 employee returned to work following the authorized leave, the payment amount is equal to
52.19 the employee and employer contribution rates specified in law for the applicable plan at the
52.20 end of the leave period multiplied by the employee's hourly rate of salary on the date of
52.21 return from the leave of absence and by the days and months of the leave of absence for
52.22 which the employee is eligible for allowable service credit. The payment must include
52.23 compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent~~
52.24 ~~per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision
52.25 2, from the last day of the leave period until the last day of the month in which payment is
52.26 received. If payment is received by the executive director after one year, the payment amount
52.27 is the amount determined under section 356.551. Payment under this paragraph must be
52.28 made before the date of termination from public employment covered under this chapter.

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

53.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

53.2 Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

53.3 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a department
53.4 fails to take deductions past due for a period of 60 days or less from an employee's salary
53.5 as provided in this section, those deductions must be taken on later payroll abstracts.

53.6 (b) If a department fails to take deductions past due for a period in excess of 60 days
53.7 from an employee's salary as provided in this section, the department, and not the employee,
53.8 must pay on later payroll abstracts the employee and employer contributions and ~~an amount~~
53.9 ~~equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount~~
53.10 ~~due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June~~
53.11 ~~30, 2015, and eight percent thereafter compound annual interest at the applicable annual~~
53.12 ~~rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date~~
53.13 ~~the employee and employer contributions should have been deducted to the date payment~~
53.14 ~~of the total amount due is paid by the department.~~

53.15 (c) If a department fails to take deductions past due for a period of 60 days or less and
53.16 the employee is no longer in state service so that the required deductions cannot be taken
53.17 from the salary of the employee, the department must nevertheless pay the required employer
53.18 contributions. If any department fails to take deductions past due for a period in excess of
53.19 60 days and the employee is no longer in state service, the omitted contributions must be
53.20 recovered under paragraph (b).

53.21 (d) If an employee from whose salary required deductions were past due for a period of
53.22 60 days or less leaves state service before the payment of the omitted deductions and
53.23 subsequently returns to state service, the unpaid amount is considered the equivalent of a
53.24 refund. The employee accrues no right by reason of the unpaid amount, except that the
53.25 employee may pay the amount of omitted deductions as provided in section 352.23.

53.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

53.27 Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

53.28 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the
53.29 salary of an employee for the retirement fund in excess of required amounts must, upon
53.30 discovery and verification by the department making the deduction, be refunded to the
53.31 employee.

54.1 (b) If a deduction for the retirement fund is taken from a salary warrant or check, and
54.2 the check is canceled or the amount of the warrant or check returned to the funds of the
54.3 department making the payment, the sum deducted, or the part of it required to adjust the
54.4 deductions, must be refunded to the department or institution if the department applies for
54.5 the refund on a form furnished by the director. The department's payments must likewise
54.6 be refunded to the department.

54.7 (c) If erroneous employee deductions and employer contributions are caused by an error
54.8 in plan coverage involving the plan and any other plans specified in section 356.99, that
54.9 section applies. If the employee should have been covered by the plan governed by chapter
54.10 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
54.11 in error must be directly transferred to the applicable employee's account in the correct
54.12 retirement plan, with interest at the ~~rate of 0.71 percent per month until June 30, 2015, and~~
54.13 ~~0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section
54.14 356.59, subdivision 2, compounded annually, from the first day of the month following the
54.15 month in which coverage should have commenced in the correct defined contribution plan
54.16 until the end of the month in which the transfer occurs.

54.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

54.18 Sec. 6. Minnesota Statutes 2016, section 352.23, is amended to read:

54.19 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

54.20 (a) When any employee accepts a refund as provided in section 352.22, all existing
54.21 allowable service credits and all rights and benefits to which the employee was entitled
54.22 before accepting the refund terminate.

54.23 (b) Terminated service credits and rights must not again be restored until the former
54.24 employee acquires at least six months of allowable service credit after taking the last refund.
54.25 In that event, the employee may repay all refunds previously taken from the retirement fund.

54.26 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
54.27 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
54.28 under law in effect when the payment in lieu of deductions was made; (3) payments made
54.29 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
54.30 allowable service previously credited while receiving temporary workers' compensation as
54.31 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

54.32 (d) Payments under this section for repayment of refunds are to be paid with interest at
54.33 the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual

55.1 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
55.2 the refund was taken until the date the refund is repaid. They may be paid in a lump sum
55.3 or by payroll deduction in the manner provided in section 352.04. Payment may be made
55.4 in a lump sum up to six months after termination from service.

55.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

55.6 Sec. 7. Minnesota Statutes 2016, section 352.27, is amended to read:

55.7 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
55.8 **SERVICE.**

55.9 (a) An employee who is absent from employment by reason of service in the uniformed
55.10 services, as defined in United States Code, title 38, section 4303(13), and who returns to
55.11 state service upon discharge from service in the uniformed service within the time frames
55.12 required in United States Code, title 38, section 4312(e), may obtain service credit for the
55.13 period of the uniformed service as further specified in this section, provided that the employee
55.14 did not separate from uniformed service with a dishonorable or bad conduct discharge or
55.15 under other than honorable conditions.

55.16 (b) The employee may obtain credit by paying into the fund an equivalent employee
55.17 contribution based upon the contribution rate or rates in effect at the time that the uniformed
55.18 service was performed multiplied by the full and fractional years being purchased and
55.19 applied to the annual salary rate. The annual salary rate is the average annual salary during
55.20 the purchase period that the employee would have received if the employee had continued
55.21 to be employed in covered employment rather than to provide uniformed service, or, if the
55.22 determination of that rate is not reasonably certain, the annual salary rate is the employee's
55.23 average salary rate during the 12-month period of covered employment rendered immediately
55.24 preceding the period of the uniformed service.

55.25 (c) The equivalent employer contribution and, if applicable, the equivalent additional
55.26 employer contribution provided in this chapter must be paid by the department employing
55.27 the employee from funds available to the department at the time and in the manner provided
55.28 in this chapter, using the employer and additional employer contribution rate or rates in
55.29 effect at the time that the uniformed service was performed, applied to the same annual
55.30 salary rate or rates used to compute the equivalent employee contribution.

55.31 (d) If the employee equivalent contributions provided in this section are not paid in full,
55.32 the employee's allowable service credit must be prorated by multiplying the full and fractional
55.33 number of years of uniformed service eligible for purchase by the ratio obtained by dividing

56.1 the total employee contribution received by the total employee contribution otherwise
56.2 required under this section.

56.3 (e) To receive service credit under this section, the contributions specified in this section
56.4 must be transmitted to the Minnesota State Retirement System during the period which
56.5 begins with the date on which the individual returns to state service and which has a duration
56.6 of three times the length of the uniformed service period, but not to exceed five years. If
56.7 the determined payment period is less than one year, the contributions required under this
56.8 section to receive service credit may be made within one year of the discharge date.

56.9 (f) The amount of service credit obtainable under this section may not exceed five years
56.10 unless a longer purchase period is required under United States Code, title 38, section 4312.

56.11 (g) The employing unit shall pay interest on all equivalent employee and employer
56.12 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~
56.13 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or
56.14 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each
56.15 fiscal year of the leave or the break in service to the end of the month in which the payment
56.16 is received.

56.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

56.18 Sec. 8. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

56.19 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee
56.20 who is transferred to plan coverage and who elects to transfer past service credit under this
56.21 section must pay an additional member contribution for that prior service period. The
56.22 additional member contribution is the amount computed under paragraph (b), plus the greater
56.23 of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued
56.24 liability attributable to the past service credit transfer.

56.25 (b) The executive director shall compute, for the most recent 12 months of service credit
56.26 eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the
56.27 difference between the employee contribution rate or rates for the general state employees
56.28 retirement plan and the employee contribution rate or rates for the correctional state
56.29 employees retirement plan applied to the eligible employee's salary during that transfer
56.30 period, plus compound interest at the applicable monthly rate of 0.71 percent until June 30,
56.31 2015, and 0.667 percent per month thereafter or rates specified in section 356.59, subdivision
56.32 2.

57.1 (c) The executive director shall compute, for any service credit being transferred on
57.2 behalf of the eligible employee and not included under paragraph (b), the difference between
57.3 the employee contribution rate or rates for the general state employees retirement plan and
57.4 the employee contribution rate or rates for the correctional state employees retirement plan
57.5 applied to the eligible employee's salary during that transfer period, plus compound interest
57.6 at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~
57.7 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2.

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

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

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

57.22 (g) If an eligible employee elects to transfer past service credit under this section and
57.23 pays the additional equivalent member contribution amount under paragraph (a), the
57.24 applicable department shall pay an additional equivalent employer contribution amount.
57.25 The additional employer contribution is the amount computed under paragraph (d), plus the
57.26 greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial
57.27 accrued liability attributable to the past service credit transfer.

57.28 (h) The unfunded actuarial accrued liability attributable to the past service credit transfer
57.29 is the present value of the benefit obtained by the transfer of the service credit to the
57.30 correctional state employees retirement plan reduced by the amount of the asset transfer
57.31 under subdivision 4, by the amount of the member contribution equivalent payment computed
57.32 under paragraph (b), and by the amount of the employer contribution equivalent payment
57.33 computed under paragraph (d).

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

58.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

58.6 Sec. 9. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

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

58.12 (b) If payment is received by the executive director within one year from the date the
58.13 employee returned to work following the authorized leave, the payment amount is equal to
58.14 the employee and employer contribution rates specified in section 352B.02 at the end of
58.15 the leave period multiplied by the employee's hourly rate of salary on the date of return
58.16 from the leave of absence and by the days and months of the leave of absence for which
58.17 the employee is eligible for allowable service credit. The payment must include compound
58.18 interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~
58.19 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from
58.20 the last day of the leave period until the last day of the month in which payment is received.
58.21 If payment is received by the executive director after one year from the date the employee
58.22 returned to work following the authorized leave, the payment amount is the amount
58.23 determined under section 356.551. Payment under this paragraph must be made before the
58.24 date of termination from public employment covered under this chapter.

58.25 (c) If the employee terminates employment covered by this chapter during the leave or
58.26 following the leave rather than returning to covered employment, payment must be received
58.27 by the executive director within 30 days after the termination date. The payment amount is
58.28 equal to the employee and employer contribution rates specified in section 352B.02 on the
58.29 day prior to the termination date, multiplied by the employee's hourly rate of salary on that
58.30 date and by the days and months of the leave of absence prior to termination.

58.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

59.1 Sec. 10. Minnesota Statutes 2016, section 352B.085, is amended to read:

59.2 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
 59.3 **ABSENCE.**

59.4 A member on leave of absence receiving temporary workers' compensation payments
 59.5 and a reduced salary or no salary from the employer who is entitled to allowable service
 59.6 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may
 59.7 make payment to the fund for the difference between salary received, if any, and the salary
 59.8 that the member would normally receive if the member was not on leave of absence during
 59.9 the period. The member shall pay an amount equal to the member and employer contribution
 59.10 rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for
 59.11 the period of the leave of absence. The employing department, at its option, may pay the
 59.12 employer amount on behalf of the member. Payment made under this subdivision must
 59.13 include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
 59.14 ~~per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must
 59.15 be completed within one year of the member's return from the leave of absence.

59.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

59.17 Sec. 11. Minnesota Statutes 2016, section 352B.086, is amended to read:

59.18 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

59.19 (a) A member who is absent from employment by reason of service in the uniformed
 59.20 services, as defined in United States Code, title 38, section 4303(13), and who returns to
 59.21 state employment in a position covered by the plan upon discharge from service in the
 59.22 uniformed services within the time frame required in United States Code, title 38, section
 59.23 4312(e), may obtain service credit for the period of the uniformed service, provided that
 59.24 the member did not separate from uniformed service with a dishonorable or bad conduct
 59.25 discharge or under other than honorable conditions.

59.26 (b) The member may obtain credit by paying into the fund an equivalent member
 59.27 contribution based on the member contribution rate or rates in effect at the time that the
 59.28 uniformed service was performed multiplied by the full and fractional years being purchased
 59.29 and applied to the annual salary rate. The annual salary rate is the average annual salary
 59.30 during the purchase period that the member would have received if the member had continued
 59.31 to provide employment services to the state rather than to provide uniformed service, or if
 59.32 the determination of that rate is not reasonably certain, the annual salary rate is the member's

60.1 average salary rate during the 12-month period of covered employment rendered immediately
60.2 preceding the purchase period.

60.3 (c) The equivalent employer contribution and, if applicable, the equivalent employer
60.4 additional contribution, must be paid by the employing unit, using the employer and employer
60.5 additional contribution rate or rates in effect at the time that the uniformed service was
60.6 performed, applied to the same annual salary rate or rates used to compute the equivalent
60.7 member contribution.

60.8 (d) If the member equivalent contributions provided for in this section are not paid in
60.9 full, the member's allowable service credit must be prorated by multiplying the full and
60.10 fractional number of years of uniformed service eligible for purchase by the ratio obtained
60.11 by dividing the total member contributions received by the total member contributions
60.12 otherwise required under this section.

60.13 (e) To receive allowable service credit under this section, the contributions specified in
60.14 this section must be transmitted to the fund during the period which begins with the date
60.15 on which the individual returns to state employment covered by the plan and which has a
60.16 duration of three times the length of the uniformed service period, but not to exceed five
60.17 years. If the determined payment period is calculated to be less than one year, the
60.18 contributions required under this section to receive service credit must be transmitted to the
60.19 fund within one year from the discharge date.

60.20 (f) The amount of allowable service credit obtainable under this section may not exceed
60.21 five years, unless a longer purchase period is required under United States Code, title 38,
60.22 section 4312.

60.23 (g) The employing unit shall pay interest on all equivalent member and employer
60.24 contribution amounts payable under this section. Interest must be computed at the ~~rate of~~
60.25 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates
60.26 specified in section 356.59, subdivision 2, compounded annually, from the end of each
60.27 fiscal year of the leave or break in service to the end of the month in which payment is
60.28 received.

60.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

60.30 Sec. 12. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

60.31 Subd. 4. **Reentry into state service; refund repayment.** (a) When a former member,
60.32 who has become separated from state service that entitled the member to membership and
60.33 has received a refund of retirement payments, reenters the state service in a position that

61.1 entitles the member to membership, that member shall receive credit for the period of prior
61.2 allowable state service if the member repays into the fund the amount of the refund, plus
61.3 interest ~~on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at
61.4 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
61.5 annually, at any time before subsequent retirement. Repayment may be made in installments
61.6 or in a lump sum.

61.7 (b) A person who has received a refund from the State Patrol retirement fund who is a
61.8 member of a public retirement system included in section 356.311 may repay the refund
61.9 with interest to the State Patrol retirement fund as provided in paragraph (a).

61.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

61.11 Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

61.12 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay
61.13 regular refunds taken under section 352.22, as provided in section 352.23.

61.14 (b) A participant in the unclassified program or an employee covered by the general
61.15 employees retirement plan who has withdrawn the value of the total shares may repay the
61.16 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying
61.17 into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015,~~
61.18 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,
61.19 subdivision 2, compounded annually, from the date that the refund was taken until the date
61.20 that the refund is repaid. If the participant had withdrawn only the employee shares as
61.21 permitted under prior laws, repayment must be pro rata.

61.22 (c) Except as provided in section 356.441, the repayment of a refund under this section
61.23 must be made in a lump sum.

61.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

61.25 Sec. 14. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

61.26 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may
61.27 make the purchase by paying to the state retirement system an amount equal to the current
61.28 employee contribution rate in effect for the state retirement system applied to the current
61.29 or final salary rate multiplied by the months and days of prior temporary, intermittent, or
61.30 contract legislative service. Payment shall be made in one lump sum unless the executive
61.31 director of the state retirement system agrees to accept payment in installments over a period
61.32 of not more than three years from the date of the agreement. Installment payments shall be

62.1 charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
62.2 applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
62.3 annually.

62.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

62.5 Sec. 15. Minnesota Statutes 2016, section 352D.12, is amended to read:

62.6 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

62.7 (a) An employee who is a participant in the unclassified program and who has prior
62.8 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
62.9 the time limits specified in this section, elect to transfer to the unclassified program prior
62.10 service contributions to one or more of those plans.

62.11 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
62.12 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
62.13 equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015,~~
62.14 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,
62.15 subdivision 2, compounded annually, based on fiscal year balances.

62.16 (c) If a participant has taken a refund from a retirement plan listed in this section, the
62.17 participant may repay the refund to that plan, notwithstanding any restrictions on repayment
62.18 to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~
62.19 with interest at the applicable annual rate or rates specified in section 356.59, subdivision
62.20 2, compounded annually, and have the accumulated employee and equal employer
62.21 contributions transferred to the unclassified program with interest at the rate of 8.5 percent
62.22 until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year
62.23 balances. If a person repays a refund and subsequently elects to have the money transferred
62.24 to the unclassified program, the repayment amount, including interest, is added to the fiscal
62.25 year balance in the year which the repayment was made.

62.26 (d) A participant electing to transfer prior service contributions credited to a retirement
62.27 plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this section must
62.28 complete a written application for the transfer and repay any refund within one year of the
62.29 commencement of the employee's participation in the unclassified program.

62.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

62.31 Sec. 16. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

62.32 **Subd. 16. Allowable service; limits and computation.** (a) "Allowable service" means:

63.1 (1) service during years of actual membership in the course of which employee deductions
63.2 were withheld from salary and contributions were made at the applicable rates under section
63.3 353.27, 353.65, or 353E.03;

63.4 (2) periods of service covered by payments in lieu of salary deductions under sections
63.5 353.27, subdivisions 12 and 12a, and 353.35;

63.6 (3) service in years during which the public employee was not a member but for which
63.7 the member later elected, while a member, to obtain credit by making payments to the fund
63.8 as permitted by any law then in effect;

63.9 (4) a period of authorized leave of absence during which the employee receives pay as
63.10 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
63.11 employee contributions are made, deposited, and credited to the fund;

63.12 (5) a period of authorized leave of absence without pay, or with pay that is not included
63.13 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which
63.14 salary deductions are not authorized, and for which a member obtained service credit for
63.15 up to 12 months of the authorized leave period by payment under section 353.0161 or
63.16 353.0162, to the fund made in place of salary deductions;

63.17 (6) a periodic, repetitive leave that is offered to all employees of a governmental
63.18 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
63.19 as certified to the association by the employer. A participating member obtains service credit
63.20 by making employee contributions in an amount or amounts based on the member's average
63.21 salary, excluding overtime pay, that would have been paid if the leave had not been taken.
63.22 The employer shall pay the employer and additional employer contributions on behalf of
63.23 the participating member. The employee and the employer are responsible to pay interest
63.24 on their respective shares at the ~~rate of 8.5 percent until June 30, 2015, and eight percent~~
63.25 ~~thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded
63.26 annually, from the end of the normal cycle until full payment is made. An employer shall
63.27 also make the employer and additional employer contributions, plus ~~8.5 percent~~ interest
63.28 ~~until June 30, 2015, and eight percent interest thereafter~~ at the applicable rate or rates
63.29 specified in section 356.59, subdivision 3, compounded annually, on behalf of an employee
63.30 who makes employee contributions but terminates public service. The employee contributions
63.31 must be made within one year after the end of the annual normal working cycle or within
63.32 30 days after termination of public service, whichever is sooner. The executive director
63.33 shall prescribe the manner and forms to be used by a governmental subdivision in

64.1 administering a periodic, repetitive leave. Upon payment, the member must be granted
64.2 allowable service credit for the purchased period;

64.3 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
64.4 months allowable service per authorized temporary or seasonal layoff in one calendar year.
64.5 An employee who has received the maximum service credit allowed for an authorized
64.6 temporary or seasonal layoff must return to public service and must obtain a minimum of
64.7 three months of allowable service subsequent to the layoff in order to receive allowable
64.8 service for a subsequent authorized temporary or seasonal layoff;

64.9 (8) a period during which a member is absent from employment by a governmental
64.10 subdivision by reason of service in the uniformed services, as defined in United States Code,
64.11 title 38, section 4303(13), if the member returns to public service with the same governmental
64.12 subdivision upon discharge from service in the uniformed service within the time frames
64.13 required under United States Code, title 38, section 4312(e), provided that the member did
64.14 not separate from uniformed service with a dishonorable or bad conduct discharge or under
64.15 other than honorable conditions. The service must be credited if the member pays into the
64.16 fund equivalent employee contributions based upon the contribution rate or rates in effect
64.17 at the time that the uniformed service was performed multiplied by the full and fractional
64.18 years being purchased and applied to the annual salary rate. The annual salary rate is the
64.19 average annual salary during the purchase period that the member would have received if
64.20 the member had continued to be employed in covered employment rather than to provide
64.21 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
64.22 salary rate is the member's average salary rate during the 12-month period of covered
64.23 employment rendered immediately preceding the period of the uniformed service. Payment
64.24 of the member equivalent contributions must be made during a period that begins with the
64.25 date on which the individual returns to public employment and that is three times the length
64.26 of the military leave period, or within five years of the date of discharge from the military
64.27 service, whichever is less. If the determined payment period is less than one year, the
64.28 contributions required under this clause to receive service credit may be made within one
64.29 year of the discharge date. Payment may not be accepted following 30 days after termination
64.30 of public service under subdivision 11a. If the member equivalent contributions provided
64.31 for in this clause are not paid in full, the member's allowable service credit must be prorated
64.32 by multiplying the full and fractional number of years of uniformed service eligible for
64.33 purchase by the ratio obtained by dividing the total member contributions received by the
64.34 total member contributions otherwise required under this clause. The equivalent employer
64.35 contribution, and, if applicable, the equivalent additional employer contribution must be

65.1 paid by the governmental subdivision employing the member if the member makes the
65.2 equivalent employee contributions. The employer payments must be made from funds
65.3 available to the employing unit, using the employer and additional employer contribution
65.4 rate or rates in effect at the time that the uniformed service was performed, applied to the
65.5 same annual salary rate or rates used to compute the equivalent member contribution. The
65.6 governmental subdivision involved may appropriate money for those payments. The amount
65.7 of service credit obtainable under this section may not exceed five years unless a longer
65.8 purchase period is required under United States Code, title 38, section 4312. The employing
65.9 unit shall pay interest on all equivalent member and employer contribution amounts payable
65.10 under this clause. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015,~~
65.11 ~~and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision
65.12 3, compounded annually, from the end of each fiscal year of the leave or the break in service
65.13 to the end of the month in which the payment is received. Upon payment, the employee
65.14 must be granted allowable service credit for the purchased period; or

65.15 (9) a period specified under section 353.0162.

65.16 (b) No member may receive more than 12 months of allowable service credit in a year
65.17 either for vesting purposes or for benefit calculation purposes.

65.18 (c) For an active member who was an active member of the former Minneapolis
65.19 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
65.20 service credited by the Minneapolis Firefighters Relief Association as reflected in the
65.21 transferred records of the association up to December 30, 2011, and the period of service
65.22 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
65.23 who was an active member of the former Minneapolis Police Relief Association on December
65.24 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
65.25 Relief Association as reflected in the transferred records of the association up to December
65.26 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
65.27 30, 2011.

65.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

65.29 Sec. 17. Minnesota Statutes 2016, section 353.0162, is amended to read:

65.30 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

65.31 (a) A member may purchase additional salary credit for a period specified in this section.

65.32 (b) The applicable period is a period during which the member is receiving a reduced
65.33 salary from the employer while the member is:

66.1 (1) receiving temporary workers' compensation payments related to the member's service
66.2 to the public employer;

66.3 (2) on an authorized leave of absence; or

66.4 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
66.5 savings program offered or mandated by a governmental subdivision.

66.6 (c) The differential salary amount is the difference between the average monthly salary
66.7 received by the member during the period of reduced salary under this section and the
66.8 average monthly salary of the member, excluding overtime, on which contributions to the
66.9 applicable plan were made during the period of the last six months of covered employment
66.10 occurring immediately before the period of reduced salary, applied to the member's normal
66.11 employment period, measured in hours or otherwise, as applicable.

66.12 (d) To receive eligible salary credit, the member shall pay an amount equal to:

66.13 (1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65,
66.14 subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary
66.15 amount;

66.16 (2) plus an employer equivalent payment equal to the applicable employer contribution
66.17 rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as
66.18 applicable, multiplied by the differential salary amount;

66.19 (3) plus, if applicable, an equivalent employer additional amount equal to the additional
66.20 employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential
66.21 salary amount.

66.22 (e) The employer, by appropriate action of its governing body and documented in its
66.23 official records, may pay the employer equivalent contributions and, as applicable, the
66.24 equivalent employer additional contributions on behalf of the member.

66.25 (f) Payment under this section must include interest on the contribution amount or
66.26 amounts, whichever applies, at ~~an 8.5 percent annual rate until June 30, 2015, and at an~~
66.27 ~~eight percent annual rate thereafter~~ the applicable rate or rates specified in section 356.59,
66.28 subdivision 3, compounded annually, prorated for applicable the number of months, if less
66.29 than 12 months, from the date on which the period of reduced salary specified under this
66.30 section terminates to the date on which the payment or payments are received by the
66.31 executive director. Payment under this section must be completed within the earlier of 30
66.32 days from termination of public service by the employee under section 353.01, subdivision

67.1 11a, or one year after the termination of the period specified in paragraph (b), as further
67.2 restricted under this section.

67.3 (g) The period for which additional allowable salary credit may be purchased is limited
67.4 to the period during which the person receives temporary workers' compensation payments
67.5 or for those business years in which the governmental subdivision offers or mandates a
67.6 budget or salary savings program, as certified to the executive director by a resolution of
67.7 the governing body of the governmental subdivision. For an authorized leave of absence,
67.8 the period for which allowable salary credit may be purchased may not exceed 12 months
67.9 of authorized leave.

67.10 (h) To purchase salary credit for a subsequent period of temporary workers' compensation
67.11 benefits or subsequent authorized medical leave of absence, the member must return to
67.12 public service and render a minimum of three months of allowable service.

67.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

67.14 Sec. 18. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

67.15 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For
67.16 the period July 1, 2015, through December 31, 2031, the member contributions for former
67.17 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis
67.18 Employees Retirement Fund-covered employing units are governed by this subdivision.

67.19 (b) The member contribution for a public employee who was a member of the former
67.20 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of
67.21 the employee.

67.22 (c) The employer regular contribution with respect to a public employee who was a
67.23 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75
67.24 percent of the salary of the employee.

67.25 (d) For calendar years 2015 and 2016, the employer supplemental contribution is the
67.26 employing unit's share of \$31,000,000. For calendar years 2017 through 2031, the employer
67.27 supplemental contribution is the employing unit's share of \$21,000,000.

67.28 (e) Each employing unit's share under paragraph (d) is the amount determined from an
67.29 allocation between each employing unit in the portion equal to the unit's employer
67.30 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,
67.31 during calendar year 2014.

68.1 (f) The employer supplemental contribution amount under paragraph (d) for calendar
68.2 year 2015 must be invoiced by the executive director of the Public Employees Retirement
68.3 Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount
68.4 on or before September 30, 2015. For subsequent calendar years, the employer supplemental
68.5 contribution under paragraph (d) must be invoiced on January 31 of each year and is payable
68.6 in two parts, with the first half payable on or before July 31 and with the second half payable
68.7 on or before December 15. Late payments are payable with ~~compound~~ interest, compounded
68.8 annually, at the rate of 0.71 percent applicable rate or rates specified in section 356.59,
68.9 subdivision 3, per month for each month or portion of a month that has elapsed after the
68.10 due date.

68.11 (g) The employer supplemental contribution under paragraph (d) terminates on December
68.12 31, 2031.

68.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

68.14 Sec. 19. Minnesota Statutes 2016, section 353.27, subdivision 7a, is amended to read:

68.15 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions
68.16 and employer contributions under this section, section 353.50, 353.65, or 353E.03 were
68.17 erroneously transmitted to the association, but should have been transmitted to a plan covered
68.18 by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous
68.19 employee deductions and employer contributions to the appropriate retirement fund or
68.20 individual account, as applicable. The time limitations specified in subdivisions 7 and 12
68.21 do not apply. The transfer to the applicable defined contribution plan account must include
68.22 interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent~~ applicable
68.23 rate or rates specified in section 356.59, subdivision 3, per month ~~thereafter~~, compounded
68.24 annually, from the first day of the month following the month in which coverage should
68.25 have commenced in the defined contribution plan until the end of the month in which the
68.26 transfer occurs.

68.27 (b) A potential transfer under paragraph (a) that is reasonably determined to cause the
68.28 plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code,
68.29 as amended, must not be made by the executive director of the association. Within 30 days
68.30 after being notified by the Public Employees Retirement Association of an unmade potential
68.31 transfer under this paragraph, the employer of the affected person must transmit an amount
68.32 representing the applicable salary deductions and employer contributions, without interest,
68.33 to the retirement fund of the appropriate Minnesota public pension plan, or to the applicable
68.34 individual account if the proper coverage is by a defined contribution plan. The association

69.1 must provide the employing unit a credit for the amount of the erroneous salary deductions
69.2 and employer contributions against future contributions from the employer. If the employing
69.3 unit receives a credit under this paragraph, the employing unit is responsible for refunding
69.4 to the applicable employee any amount that had been erroneously deducted from the person's
69.5 salary.

69.6 (c) If erroneous employee deductions and employer contributions reflect a plan coverage
69.7 error involving any Public Employees Retirement Association plan specified in section
69.8 356.99 and any other plan specified in that section, section 356.99 applies.

69.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

69.10 Sec. 20. Minnesota Statutes 2016, section 353.27, subdivision 12, is amended to read:

69.11 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of
69.12 required deductions for the general employees retirement plan, the public employees police
69.13 and fire retirement plan, or the local government correctional employees retirement plan
69.14 from the salary of an employee, the department head or designee shall immediately, upon
69.15 discovery, report the employee for membership and deduct the employee deductions under
69.16 subdivision 4 during the current pay period or during the pay period immediately following
69.17 the discovery of the omission. Payment for the omitted obligations may only be made in
69.18 accordance with reporting procedures and methods established by the executive director.

69.19 (b) When the entire omission period of an employee does not exceed 60 days, the
69.20 governmental subdivision may report and submit payment of the omitted employee
69.21 deductions and the omitted employer contributions through the reporting processes under
69.22 subdivision 4.

69.23 (c) When the omission period of an employee exceeds 60 days, the governmental
69.24 subdivision shall furnish to the association sufficient data and documentation upon which
69.25 the obligation for omitted employee and employer contributions can be calculated. The
69.26 omitted employee deductions must be deducted from the employee's subsequent salary
69.27 payment or payments and remitted to the association for deposit in the applicable retirement
69.28 fund. The employee shall pay omitted employee deductions due for the 60 days prior to the
69.29 end of the last pay period in the omission period during which salary was earned. The
69.30 employer shall pay any remaining omitted employee deductions and any omitted employer
69.31 contributions, plus cumulative interest at the annual rate of 8.5 percent until June 30, 2015,
69.32 and eight percent thereafter compounded annually, from the date or dates each omitted
69.33 employee contribution was first payable.

70.1 (d) An employer shall not hold an employee liable for omitted employee deductions
 70.2 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
 70.3 those employee deductions paid by the employer on behalf of the employee. Omitted
 70.4 deductions due under paragraph (c) which are not paid by the employee constitute a liability
 70.5 of the employer that failed to deduct the omitted deductions from the employee's salary.
 70.6 The employer shall make payment with interest at the ~~annual rate of 8.5 percent until June~~
 70.7 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,
 70.8 subdivision 3, compounded annually. Omitted employee deductions are no longer due if an
 70.9 employee terminates public service before making payment of omitted employee deductions
 70.10 to the association, but the employer remains liable to pay omitted employer contributions
 70.11 plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
 70.12 applicable rate or rates specified in section 356.59, subdivision 3, compounded annually,
 70.13 from the date the contributions were first payable.

70.14 (e) The association may not commence action for the recovery of omitted employee
 70.15 deductions and employer contributions after the expiration of three calendar years after the
 70.16 calendar year in which the contributions and deductions were omitted. Except as provided
 70.17 under paragraph (b), no payment may be made or accepted unless the association has already
 70.18 commenced action for recovery of omitted deductions. An action for recovery commences
 70.19 on the date of the mailing of any written correspondence from the association requesting
 70.20 information from the governmental subdivision upon which to determine whether or not
 70.21 omitted deductions occurred.

70.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

70.23 Sec. 21. Minnesota Statutes 2016, section 353.27, subdivision 12a, is amended to read:

70.24 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who
 70.25 was a member of the general employees retirement plan of the Public Employees Retirement
 70.26 Association, the public employees police and fire retirement plan, or the local government
 70.27 correctional employees retirement plan and who has a period of employment in which
 70.28 previously omitted employer contributions were made under subdivision 12 but for whom
 70.29 no, or only partial, omitted employee contributions have been made, or a member who had
 70.30 prior coverage in the association for which previously omitted employer contributions were
 70.31 made under subdivision 12 but who terminated service before required omitted employee
 70.32 deductions could be withheld from salary, may pay the omitted employee deductions for
 70.33 the period on which omitted employer contributions were previously paid plus interest at
 70.34 the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable

71.1 rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated
71.2 employee may pay the omitted employee deductions plus interest within six months of an
71.3 initial notification from the association of eligibility to pay those omitted deductions. If a
71.4 terminated employee is reemployed in a position covered under a public pension fund under
71.5 section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment
71.6 must be made no later than six months after a subsequent termination of public service.

71.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

71.8 Sec. 22. Minnesota Statutes 2016, section 353.27, subdivision 12b, is amended to read:

71.9 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted
71.10 from salary adjustments or final salary of a terminated employee who was a member of the
71.11 general employees retirement plan, the public employees police and fire retirement plan,
71.12 or the local government correctional employees retirement plan and who is immediately
71.13 eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer
71.14 additional contributions plus interest on both the employer and employee amounts due at
71.15 ~~an annual rate of 8.5 percent~~ the applicable rate or rates specified in section 356.59,
71.16 subdivision 3, compounded annually. The employee shall pay the employee deductions
71.17 within six months of an initial notification from the association of eligibility to pay omitted
71.18 deductions or the employee forfeits the right to make the payment.

71.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

71.20 Sec. 23. Minnesota Statutes 2016, section 353.28, subdivision 5, is amended to read:

71.21 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or
71.22 section 353.27, subdivision 4, is payable with interest at the ~~annual compound rate of 8.5~~
71.23 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified
71.24 in section 356.59, subdivision 3, compounded annually, from the date due until the date
71.25 payment is received by the association, with a minimum interest charge of \$10.

71.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

71.27 Sec. 24. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

71.28 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former
71.29 member accepts a refund, all existing service credits and all rights and benefits to which
71.30 the person was entitled prior to the acceptance of the refund must terminate.

72.1 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a
72.2 forfeiture of salary credit for the allowable service credit covered by the refund.

72.3 (c) The rights and benefits of a former member must not be restored until the person
72.4 returns to active service and acquires at least six months of allowable service credit after
72.5 taking the last refund and repays the refund or refunds taken and interest received under
72.6 section 353.34, subdivisions 1 and 2, plus interest at the ~~annual rate of 8.5 percent until June~~
72.7 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,
72.8 subdivision 3, compounded annually. If the person elects to restore service credit in a
72.9 particular fund from which the person has taken more than one refund, the person must
72.10 repay all refunds to that fund. All refunds must be repaid within six months of the last date
72.11 of termination of public service.

72.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

72.13 Sec. 25. Minnesota Statutes 2016, section 354.50, subdivision 2, is amended to read:

72.14 Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall include
72.15 interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section
72.16 356.59, subdivision 4, compounded annually, from date of withdrawal to the date payment
72.17 is made and shall be credited to the fund.

72.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

72.19 Sec. 26. Minnesota Statutes 2016, section 354.51, subdivision 5, is amended to read:

72.20 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event
72.21 that full required member contributions are not deducted from the salary of a teacher,
72.22 payment of shortages in member deductions on salary earned are the sole obligation of the
72.23 employing unit and are payable by the employing unit upon notification by the executive
72.24 director of the shortage. The amount of the shortage shall be paid with interest at ~~an annual~~
72.25 ~~rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision
72.26 4, compounded annually, from the end of the fiscal year in which the shortage occurred to
72.27 the end of the month in which payment is made and the interest must be credited to the
72.28 fund. The employing unit shall also pay the employer contributions as specified in section
72.29 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the
72.30 employing unit within 60 days of notification, and if the executive director does not use the
72.31 recovery procedure in section 354.512, the executive director shall certify the amount of
72.32 the shortage to the applicable county auditor, who shall spread a levy in the amount of the
72.33 shortage payment over the taxable property of the taxing district of the employing unit if

73.1 the employing unit is supported by property taxes. Payment may not be made for shortages
 73.2 in member deductions on salary paid or payable under paragraph (b) or for shortages in
 73.3 member deductions for persons employed by the Minnesota State Colleges and Universities
 73.4 system in a faculty position or in an eligible unclassified administrative position and whose
 73.5 employment was less than 25 percent of a full academic year, exclusive of the summer
 73.6 session, for the applicable institution that exceeds the most recent 36 months.

73.7 (b) For a person who is employed by the Minnesota State Colleges and Universities
 73.8 system in a faculty position or in an eligible unclassified administrative position and whose
 73.9 employment was less than 25 percent of a full academic year, exclusive of the summer
 73.10 session, for the applicable institution, upon the person's election under section 354B.21 of
 73.11 retirement coverage under this chapter, the shortage in member deductions on the salary
 73.12 for employment by the Minnesota State Colleges and Universities system institution of less
 73.13 than 25 percent of a full academic year, exclusive of the summer session, for the applicable
 73.14 institution for the most recent 36 months and the associated employer contributions must
 73.15 be paid by the Minnesota State Colleges and Universities system institution, plus ~~annual~~
 73.16 ~~compound~~ interest at the ~~rate of 8.5 percent~~ applicable annual rate or rates specified in
 73.17 section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in
 73.18 which the shortage occurred to the end of the month in which the Teachers Retirement
 73.19 Association coverage election is made. An individual electing coverage under this paragraph
 73.20 shall repay the amount of the shortage in member deductions, plus interest, through deduction
 73.21 from salary or compensation payments within the first year of employment after the election
 73.22 under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State
 73.23 Colleges and Universities system may use any means available to recover amounts which
 73.24 were not recovered through deductions from salary or compensation payments. No payment
 73.25 of the shortage in member deductions under this paragraph may be made for a period longer
 73.26 than the most recent 36 months.

73.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

73.28 Sec. 27. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

73.29 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
 73.30 due to the association and furnish a statement indicating the amount due and transmitted
 73.31 with any other information required by the executive director. If an amount due is not
 73.32 received by the association within 14 calendar days of the payroll warrant, the ~~amount~~
 73.33 ~~accrues interest at an annual rate of 8.5 percent~~ employer shall pay interest on the amount
 73.34 due at the applicable annual rate or rates specified in section 356.59, subdivision 4,

74.1 compounded annually, from the due date until the amount is received by the association.

74.2 All amounts due and other employer obligations not remitted within 60 days of notification
74.3 by the association must be certified to the commissioner of management and budget who
74.4 shall deduct the amount from any state aid or appropriation amount applicable to the
74.5 employing unit.

74.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.7 Sec. 28. Minnesota Statutes 2016, section 354.53, subdivision 5, is amended to read:

74.8 Subd. 5. **Interest requirements.** The employer shall pay interest on all equivalent
74.9 employee and employer contribution amounts payable under this section. ~~Interest must be~~
74.10 ~~computed at a rate of 8.5 percent~~ at the applicable annual rate or rates specified in section
74.11 356.59, subdivision 4, compounded annually, from the end of each fiscal year of the leave
74.12 or the break in service to the end of the month in which the payment is received.

74.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.14 Sec. 29. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

74.15 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
74.16 employee and employer contribution amounts payable under this section. Interest must be
74.17 computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable
74.18 annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from
74.19 the end of each fiscal year of the leave or break in service to the end of the month in which
74.20 payment is received.

74.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.22 Sec. 30. Minnesota Statutes 2016, section 354A.096, is amended to read:

74.23 **354A.096 MEDICAL LEAVE.**

74.24 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
74.25 Association who is on an authorized medical leave of absence and subsequently returns to
74.26 teaching service is entitled to receive allowable service credit, not to exceed one year, for
74.27 the period of leave, upon making the prescribed payment to the fund. This payment must
74.28 include the required employee and employer contributions at the rates specified in section
74.29 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary
74.30 rate on the date the leave of absence commenced plus ~~annual~~ interest at the ~~rate of 8.5~~
74.31 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or

75.1 rates specified in section 356.59, subdivision 5, compounded annually, from the end of the
75.2 fiscal year during which the leave terminates to the end of the month during which payment
75.3 is made. The member must pay the total amount required unless the employing unit, at its
75.4 option, pays the employer contributions. The total amount required must be paid by the end
75.5 of the fiscal year following the fiscal year in which the leave of absence terminated or before
75.6 the member retires, whichever is earlier. Payment must be accompanied by a copy of the
75.7 resolution or action of the employing authority granting the leave and the employing
75.8 authority, upon granting the leave, must certify the leave to the association in a manner
75.9 specified by the executive director. A member may not receive more than one year of
75.10 allowable service credit during any fiscal year by making payment under this section. A
75.11 member may not receive disability benefits under section 354A.36 and receive allowable
75.12 service credit under this section for the same period of time.

75.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

75.14 Sec. 31. Minnesota Statutes 2016, section 354A.12, subdivision 1a, is amended to read:

75.15 Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions
75.16 are not deducted from the salary of a teacher, payment of the shortage in such deductions
75.17 is the sole obligation of the employing unit during the three-year period following the end
75.18 of the fiscal year in which the shortage occurred. The shortage is payable by the employing
75.19 unit upon notification of the shortage by the executive director of the applicable retirement
75.20 fund association. The employing unit shall also pay any employer contributions related to
75.21 the shortage. The amount of the shortage in employee contributions and associated employer
75.22 contributions is payable with interest at the ~~preretirement interest assumption for the~~
75.23 ~~retirement fund as specified in section 356.215, subdivision 8, stated as a monthly rate~~
75.24 applicable annual rate or rates specified in section 356.59, subdivision 5, from the date due
75.25 until the date payment is received in the office of the association, compounded annually,
75.26 with a minimum interest charge of \$10. If the shortage payment and interest is not paid by
75.27 the employing unit within 60 days of notification, the executive director shall certify the
75.28 amount of the shortage payment and interest to the commissioner of management and budget,
75.29 who shall deduct the amount from any state aid or appropriation amount applicable to the
75.30 employing unit.

75.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

76.1 Sec. 32. Minnesota Statutes 2016, section 354A.12, subdivision 7, is amended to read:

76.2 Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers,
76.3 within the time period specified in subdivision 8 following the payment of a refund or the
76.4 accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit
76.5 overpayment has occurred due to using invalid service or salary, or due to any erroneous
76.6 calculation procedure, the executive director must recalculate the annuity or benefit payable
76.7 and recover any overpayment. The executive director shall recover the overpayment by
76.8 requiring direct repayment or by suspending or reducing the payment of a retirement annuity
76.9 or other benefit payable under this chapter to the applicable person or the person's estate,
76.10 whichever applies, until all outstanding amounts have been recovered. If a benefit
76.11 overpayment or improper payment of benefits occurred caused by a failure of the person
76.12 to satisfy length of separation requirements for retirement under section 354A.011,
76.13 subdivision 21, the executive director shall recover the improper payments by requiring
76.14 direct repayment. The repayment must include interest at the ~~rate of 0.71 percent per month~~
76.15 applicable annual rate or rates specified in section 356.59, subdivision 5, from the first of
76.16 the month in which a monthly benefit amount was paid to the first of the month in which
76.17 the amount is repaid, with annual compounding.

76.18 (b) In the event the executive director determines that an overpaid annuity or benefit
76.19 that is the result of invalid salary included in the average salary used to calculate the payment
76.20 amount must be recovered, the executive director must determine the amount of the employee
76.21 deductions taken in error on the invalid salary, with interest as determined under 354A.37,
76.22 subdivision 3, and must subtract that amount from the total annuity or benefit overpayment,
76.23 and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

76.24 (c) If the invalid employee deductions plus interest exceed the amount of the overpaid
76.25 benefits, the balance must be refunded to the person to whom the benefit or annuity is being
76.26 paid.

76.27 (d) Any invalid employer contributions reported on the invalid salary must be credited
76.28 against future contributions payable by the employer.

76.29 (e) If a member or former member, who is receiving a retirement annuity or disability
76.30 benefit for which an overpayment is being recovered, dies before recovery of the overpayment
76.31 is completed and an optional annuity or refund is payable, the remaining balance of the
76.32 overpaid annuity or benefit must continue to be recovered from the payment to the optional
76.33 annuity beneficiary or refund recipient.

77.1 (f) The board of trustees shall adopt policies directing the period of time and manner
 77.2 for the collection of any overpaid retirement or optional annuity, and survivor or disability
 77.3 benefit, or a refund that the executive director determines must be recovered as provided
 77.4 under this section.

77.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

77.6 Sec. 33. Minnesota Statutes 2016, section 354A.34, is amended to read:

77.7 **354A.34 DISPOSITION OF UNPAID PERIOD CERTAIN FOR LIFE OR**
 77.8 **GUARANTEED REFUND OPTIONAL ANNUITIES.**

77.9 If a retiree from a coordinated program who has elected a period certain and for life
 77.10 thereafter or a guaranteed refund optional annuity form dies without having a designated
 77.11 beneficiary who has survived the retiree, any remaining unpaid guaranteed annuity payments
 77.12 shall be computed at the rate of interest specified in section 356.215, subdivision 8, and
 77.13 paid in one lump sum to the estate of the retiree. If a retiree from a coordinated program
 77.14 who has elected a period certain and for life or a guaranteed refund optional annuity form
 77.15 dies with a designated beneficiary who has survived the retiree but the designated beneficiary
 77.16 dies without there existing another designated beneficiary, any remaining unpaid guaranteed
 77.17 annuity payments shall be computed ~~at the rate of~~ with interest at the applicable annual rate
 77.18 or rates specified in section ~~356.215, subdivision 8~~ 356.59, subdivision 5, and paid in one
 77.19 lump sum to the estate of the designated beneficiary.

77.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

77.21 Sec. 34. Minnesota Statutes 2016, section 354A.38, subdivision 3, is amended to read:

77.22 Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects
 77.23 to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal
 77.24 to refunds the member has ~~accepted~~ been issued plus interest at the ~~rate of 8.5 percent until~~
 77.25 ~~June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section
 77.26 356.59, subdivision 5, compounded annually₂ from the date that the refund was ~~accepted~~
 77.27 issued to the date that the refund is repaid.

77.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

77.29 Sec. 35. Minnesota Statutes 2016, section 356.195, subdivision 2, is amended to read:

77.30 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a plan
 77.31 specified in subdivision 1 may purchase allowable service credit in the applicable plan for

78.1 any period of time during which the employee was on a public employee strike without
 78.2 pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary
 78.3 deductions as specified in paragraph (b) or (c), whichever applies. The employing unit, at
 78.4 its option, may pay the employer portion of the amount specified in paragraph (b) on behalf
 78.5 of its employees.

78.6 (b) If payment is received by the applicable pension plan executive director within one
 78.7 year from the end of the strike, the payment amount is equal to the applicable employee
 78.8 and employer contribution rates specified in law for the applicable plan during the strike
 78.9 period, applied to the employee's rate of salary in effect at the conclusion of the strike for
 78.10 the period of the strike without pay, plus compound interest at the ~~monthly rate of 0.71~~
 78.11 ~~percent for any period for the Teachers Retirement Association and at the monthly rate of~~
 78.12 ~~0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan~~
 78.13 ~~listed in section 356.30, subdivision 3~~ applicable monthly rate or rates specified in section
 78.14 356.59, subdivision 2, 3, 4, or 5, whichever applies, from the last day of the strike period
 78.15 until the date payment is received.

78.16 (c) If payment is received by the applicable pension fund director after one year and
 78.17 before five years from the end of the strike, the payment amount is the amount determined
 78.18 under section 356.551.

78.19 (d) Payments may not be made more than five years after the end of the strike.

78.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

78.21 Sec. 36. Minnesota Statutes 2016, section 356.44, is amended to read:

78.22 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

78.23 (a) Notwithstanding any provision of law to the contrary, a member of a pension plan
 78.24 listed in section 356.30, subdivision 3, with at least two years of forfeited service taken
 78.25 from a single pension plan, may repay a portion of all refunds. A partial refund repayment
 78.26 must comply with this section.

78.27 (b) The minimum portion of a refund repayment is one-third of the total service credit
 78.28 period of all refunds taken from a single plan.

78.29 (c) The cost of the partial refund repayment is the product of the cost of the total
 78.30 repayment multiplied by the ratio of the restored service credit to the total forfeited service
 78.31 credit. The total repayment amount includes interest at the ~~annual rate of 8.5 percent for~~
 78.32 ~~any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015,~~
 78.33 ~~and eight percent thereafter for any other retirement plan listed in section 356.30, subdivision~~

79.1 ~~3~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5,
79.2 whichever applies, compounded annually, from the refund date to the date repayment is
79.3 received.

79.4 (d) The restored service credit must be allocated based on the relationship the restored
79.5 service bears to the total service credit period for all refunds taken from a single pension
79.6 plan.

79.7 (e) This section does not authorize a public pension plan member to repay a refund if
79.8 the law governing the plan does not authorize the repayment of a refund of member
79.9 contributions.

79.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

79.11 Sec. 37. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

79.12 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable
79.13 service credit, the eligible person under subdivision 1 shall pay the required member
79.14 contribution amount. The required member contribution amount is the member contribution
79.15 rate or rates in effect for the pension plan during the period of service covered by the back
79.16 pay award, applied to the unpaid gross salary amounts of the back pay award including
79.17 unemployment insurance, workers' compensation, or wages from other sources which
79.18 reduced the back award. No contributions may be made under this clause for compensation
79.19 covered by a public pension plan listed in section 356.30, subdivision 3, for employment
79.20 during the removal period. The person shall pay the required member contribution amount
79.21 within 60 days of the date of receipt of the back pay award or within 60 days of a billing
79.22 from the retirement fund, whichever is later.

79.23 (b) The public employer who wrongfully discharged the public employee must pay an
79.24 employer contribution on the back pay award. The employer contribution must be based
79.25 on the employer contribution rate or rates in effect for the pension plan during the period
79.26 of service covered by the back pay award, applied to the salary amount on which the member
79.27 contribution amount was determined under paragraph (a). ~~Interest on both the required~~
79.28 ~~member and employer contribution amount must be paid by the employer at the annual~~
79.29 ~~compound rate of 8.5 percent for any period for the Teachers Retirement Association and~~
79.30 ~~8.5 percent until June 30, 2015, and eight percent thereafter, for any other retirement plan~~
79.31 ~~listed in section 356.30, subdivision 3, per year, expressed monthly~~ The employer must pay
79.32 compound interest on both the required member and employer contribution amounts at the
79.33 applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5,
79.34 whichever applies, between the date the contribution amount would have been paid to the

80.1 date of actual payment. The employer payment must be made within 30 days of the payment
80.2 under paragraph (a).

80.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

80.4 Sec. 38. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

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

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

80.21 (c) The prior service credit purchase amount may not be less than the amount determined
80.22 by applying, for each year or fraction of a year being purchased, the sum of the employee
80.23 contribution rate, the employer contribution rate, and the additional employer contribution
80.24 rate, if any, applicable during that period, to the person's annual salary during that period,
80.25 or fractional portion of a year's salary, if applicable, plus interest at the ~~annual rate of 8.5~~
80.26 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates
80.27 specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded
80.28 annually, from the end of the year in which contributions would otherwise have been made
80.29 to the date on which the payment is received.

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

81.1 (e) However, the current employer or the prior employer may, at its discretion, pay all
 81.2 or any portion of the payment amount that exceeds an amount equal to the employee
 81.3 contribution rates in effect during the period or periods of prior service applied to the actual
 81.4 salary rates in effect during the period or periods of prior service, plus interest at the
 81.5 applicable annual rate of 8.5 percent a year or rates specified in section 356.59, subdivision
 81.6 2, 3, 4, or 5, whichever applies, compounded annually, from the date on which the
 81.7 contributions would otherwise have been made to the date on which the payment is made.
 81.8 If the employer agrees to payments under this subdivision, the purchaser must make the
 81.9 employee payments required under this subdivision within 90 days of the prior service credit
 81.10 authorization. If that employee payment is made, the employer payment under this
 81.11 subdivision must be remitted to the chief administrative officer of the public pension plan
 81.12 within 60 days of receipt by the chief administrative officer of the employee payments
 81.13 specified under this subdivision.

81.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

81.15 Sec. 39. **[356.59] INTEREST RATES.**

81.16 Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required
 81.17 with respect to any payment, including refunds, remittances, shortages, contributions, or
 81.18 repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each
 81.19 public retirement plan.

81.20 Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans
 81.21 administered by the Minnesota State Retirement System are as follows:

	<u>Annual</u>	<u>Monthly</u>
81.22		
81.23	<u>8.5 percent</u>	<u>0.71 percent</u>
81.24	<u>8.0 percent</u>	<u>0.667 percent</u>
81.25	<u>7.5 percent</u>	<u>0.625 percent</u>

81.26 Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement
 81.27 plans administered by the Public Employees Retirement Association are as follows:

81.28	<u>8.5 percent</u>
81.29	<u>8.0 percent</u>
81.30	<u>7.5 percent</u>

81.31 Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan
 81.32 administered by the Teachers Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
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82.1	<u>before July 1, 2017</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
82.2	<u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

82.3 Subd. 5. St. Paul Teachers Retirement Fund Association. The interest rates for the
 82.4 retirement plan administered by the St. Paul Teachers Retirement Fund Association are as
 82.5 follows:

	<u>Annual</u>	<u>Monthly</u>
82.6		
82.7	<u>before July 1, 2015</u>	<u>8.5 percent</u>
82.8	<u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>
82.9	<u>after June 30, 2017</u>	<u>7.5 percent</u>

82.10 EFFECTIVE DATE. This section is effective July 1, 2017.

82.11 Sec. 40. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

82.12 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject
 82.13 to the service credit limit in subdivision 22, served as a judge at any time, during which the
 82.14 judge received compensation for that service from the state, municipality, or county,
 82.15 whichever applies, and for which the judge made any required member contribution. It also
 82.16 includes any month served as a referee in probate for all referees in probate who were in
 82.17 office before January 1, 1974.

82.18 (b) "Allowable service" also means a period of authorized leave of absence for which
 82.19 the judge has made a payment in lieu of contributions, not in an amount in excess of the
 82.20 service credit limit under subdivision 22. To obtain the service credit, the judge shall pay
 82.21 an amount equal to the normal cost of the judges retirement plan on the date of return from
 82.22 the leave of absence, as determined in the most recent actuarial report for the plan filed with
 82.23 the Legislative Commission on Pensions and Retirement, multiplied by the judge's average
 82.24 monthly salary rate during the authorized leave of absence and multiplied by the number
 82.25 of months of the authorized leave of absence, plus ~~annual compound interest at the rate of~~
 82.26 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the applicable annual
 82.27 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
 82.28 of the termination of the leave to the date on which payment is made. The payment must
 82.29 be made within one year of the date on which the authorized leave of absence terminated.
 82.30 Service credit for an authorized leave of absence is in addition to a uniformed service leave
 82.31 under section 490.1211.

82.32 (c) "Allowable service" does not mean service as a retired judge.

82.33 EFFECTIVE DATE. This section is effective July 1, 2017.

83.1 Sec. 41. Minnesota Statutes 2016, section 490.1211, is amended to read:

83.2 **490.1211 UNIFORMED SERVICE.**

83.3 (a) A judge who is absent from employment by reason of service in the uniformed
83.4 services, as defined in United States Code, title 38, section 4303(13), and who returns to
83.5 state employment as a judge upon discharge from service in the uniformed service within
83.6 the time frame required in United States Code, title 38, section 4312(e), may obtain service
83.7 credit for the period of the uniformed service, provided that the judge did not separate from
83.8 uniformed service with a dishonorable or bad conduct discharge or under other than honorable
83.9 conditions.

83.10 (b) The judge may obtain credit by paying into the fund equivalent member contribution
83.11 based on the contribution rate or rates in effect at the time that the uniformed service was
83.12 performed multiplied by the full and fractional years being purchased and applied to the
83.13 annual salary rate. The annual salary rate is the average annual salary during the purchase
83.14 period that the judge would have received if the judge had continued to provide employment
83.15 services to the state rather than to provide uniformed service, or if the determination of that
83.16 rate is not reasonably certain, the annual salary rate is the judge's average salary rate during
83.17 the 12-month period of judicial employment rendered immediately preceding the purchase
83.18 period.

83.19 (c) The equivalent employer contribution and, if applicable, the equivalent employer
83.20 additional contribution, must be paid by the employing unit, using the employer and employer
83.21 additional contribution rate or rates in effect at the time that the uniformed service was
83.22 performed, applied to the same annual salary rate or rates used to compute the equivalent
83.23 member contribution.

83.24 (d) If the member equivalent contributions provided for in this section are not paid in
83.25 full, the judge's allowable service credit must be prorated by multiplying the full and
83.26 fractional number of years of uniformed service eligible for purchase by the ratio obtained
83.27 by dividing the total member contributions received by the total member contributions
83.28 otherwise required under this section.

83.29 (e) To receive allowable service credit under this section, the contributions specified in
83.30 this section and section 490.121 must be transmitted to the fund during the period which
83.31 begins with the date on which the individual returns to judicial employment and which has
83.32 a duration of three times the length of the uniformed service period, but not to exceed five
83.33 years. If the determined payment period is calculated to be less than one year, the

84.1 contributions required under this section to receive service credit may be within one year
84.2 from the discharge date.

84.3 (f) The amount of allowable service credit obtainable under this section and section
84.4 490.121 may not exceed five years, unless a longer purchase period is required under United
84.5 States Code, title 38, section 4312.

84.6 (g) The state court administrator shall pay interest on all equivalent member and employer
84.7 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~
84.8 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or
84.9 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each
84.10 fiscal year of the leave or break in service to the end of the month in which payment is
84.11 received.

84.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

84.13 Sec. 42. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

84.14 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an
84.15 amount that is equal to all of the member's employee contributions to the judges' retirement
84.16 fund plus interest computed under section 352.22, subdivision 2.

84.17 (b) A refund of contributions under paragraph (a) terminates all service credits and all
84.18 rights and benefits of the judge and the judge's survivors under this chapter.

84.19 (c) A person who becomes a judge again after taking a refund under paragraph (a) may
84.20 reinstate the previously terminated allowable service credit, rights, and benefits by repaying
84.21 the total amount of the previously received refund. The refund repayment must include
84.22 ~~interest on the total amount previously received at the annual rate of 8.5 percent until June~~
84.23 ~~30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in
84.24 section 356.59, subdivision 2, compounded annually, from the date on which the refund
84.25 was received until the date on which the refund is repaid.

84.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

84.27 ARTICLE 7

84.28 CONTRIBUTION RATES

84.29 Section 1. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

84.30 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be
84.31 equal to the following percent of salary:

85.1	from July 1, 2010, to June 30, 2014	5
85.2	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	5.5
85.3	<u>from July 1, 2017, to June 30, 2018</u>	<u>5.75</u>
85.4	<u>after June 30, 2018</u>	<u>6</u>

85.5 (b) These contributions must be made by deduction from salary as provided in subdivision
 85.6 4.

85.7 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 85.8 first full pay period after the effective date of the increase.

85.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

85.10 Sec. 2. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

85.11 Subd. 3. **Employer contributions.** (a) The employer contribution to the fund must be
 85.12 equal to the following percent of salary:

85.13	from July 1, 2010, to June 30, 2014	5
85.14	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	5.5
85.15	<u>from July 1, 2017, to June 30, 2018</u>	<u>5.875</u>
85.16	<u>after June 30, 2018</u>	<u>6.25</u>

85.17 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
 85.18 first full pay period after the effective date of the increase.

85.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

85.20 Sec. 3. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

85.21 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered
 85.22 correctional employees must be in an amount equal to the following percent of salary:

85.23	from July 1, 2010, to June 30, 2014	8.6
85.24	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	9.1
85.25	<u>after June 30, 2017</u>	<u>9.6</u>

85.26 (b) These contributions must be made by deduction from salary as provided in section
 85.27 352.04, subdivision 4.

85.28 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 85.29 first full pay period after the effective date of the increase.

85.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

86.1 Sec. 4. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

86.2 Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered
 86.3 correctional employees an amount equal to the following percent of salary:

86.4	from July 1, 2010, to June 30, 2014	12.1
86.5	from July 1, 2014, and thereafter <u>to June 30, 2017</u>	12.85
86.6	<u>after June 30, 2017</u>	<u>14.4</u>

86.7 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
 86.8 first full pay period after the effective date of the increase.

86.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

86.10 Sec. 5. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to
 86.11 read:

86.12 Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2018, the employer
 86.13 shall pay a supplemental contribution. The supplemental contribution shall be 1.45 percent
 86.14 of salary for covered correctional employees from July 1, 2018, through June 30, 2019;
 86.15 2.95 percent of salary for covered correctional employees from July 1, 2019, through June
 86.16 30, 2020; and 4.45 percent of salary for covered correctional employees thereafter. The
 86.17 supplemental contribution rate of 4.45 percent shall remain in effect until the market value
 86.18 of the assets of the correctional state employees retirement plan of the Minnesota State
 86.19 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined
 86.20 by the actuary retained under section 356.214. The expiration of the supplemental employer
 86.21 contribution is effective the first day of the first full pay period of the fiscal year immediately
 86.22 following the issuance of the actuarial valuation upon which the expiration is based.

86.23 (b) The supplemental contribution under paragraph (a) must be paid starting the first
 86.24 day of the first full pay period after the effective date.

86.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

86.26 Sec. 6. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

86.27 Subd. 1a. **Member contributions.** (a) The member contribution is the following
 86.28 percentage of the member's salary:

86.29	(1) before the first day of the first pay period beginning	
86.30	after July 1, 2014	12.4 percent
86.31	(2) on or after the first day of the first pay period	
86.32	beginning after <u>from July 1, 2014, to June 30, 2016</u>	<u>13.4 percent</u>

87.1	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
87.2	<u>2017</u>	14.4 percent
87.3	<u>from July 1, 2017, to June 30, 2019</u>	<u>14.9</u>
87.4	<u>after June 30, 2019</u>	<u>15.4</u>

87.5 (b) These contributions must be made by deduction from salary as provided in section
 87.6 352.04, subdivision 4.

87.7 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 87.8 first full pay period after the effective date of the increase.

87.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

87.10 Sec. 7. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

87.11 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In
 87.12 addition to member contributions, department heads shall pay a sum equal to the specified
 87.13 percentage of the salary upon which deductions were made, which constitutes the employer
 87.14 contribution to the fund as follows:

87.15	(1) before the first day of the first pay period beginning	
87.16	after July 1, 2014	18.6 percent
87.17	(2) on or after the first day of the first pay period	
87.18	beginning after <u>from July 1, 2014, to June 30, 2016</u>	20.1 percent
87.19	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
87.20	<u>2017</u>	21.6 percent
87.21	<u>from July 1, 2017, to June 30, 2018</u>	<u>22.35</u>
87.22	<u>after June 30, 2018</u>	<u>23.1</u>

87.23 (b) Department contributions must be paid out of money appropriated to departments
 87.24 for this purpose.

87.25 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
 87.26 first full pay period after the effective date of the increase.

87.27 (d) Effective July 1, 2017, department heads shall pay a supplemental employer
 87.28 contribution. The supplemental contribution shall be 1.75 percent of the salary upon which
 87.29 deductions are made from July 1, 2017, through June 30, 2018; three percent of the salary
 87.30 upon which deductions are made from July 1, 2018, through June 30, 2019; five percent of
 87.31 the salary which deductions are made from July 1, 2019, through June 30, 2020; and seven
 87.32 percent of the salary upon which deductions are made thereafter. The supplemental
 87.33 contribution must be paid starting the first day of the first full pay period after the effective
 87.34 date. The supplemental contribution rate of seven percent shall remain in effect until the
 87.35 market value of the assets of the State Patrol retirement plan of the Minnesota State

88.1 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined
88.2 by the actuary retained under section 356.214. The expiration of the supplemental employer
88.3 contribution is effective the first day of the first full pay period of the fiscal year immediately
88.4 following the issuance of the actuarial valuation upon which the expiration is based.

88.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

88.6 Sec. 8. Minnesota Statutes 2016, section 352D.04, subdivision 2, is amended to read:

88.7 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section
88.8 is the employee and employer contributions provided in this subdivision.

88.9 (b) The employee contribution is an amount equal to the 5.5 percent of salary ~~specified~~
88.10 ~~in section 352.04, subdivision 2, or 352.045, subdivision 3a.~~

88.11 (c) The employer contribution is an amount equal to six percent of salary.

88.12 (d) For members of the legislature, the contributions under this subdivision also must
88.13 be made on per diem payments received during a regular or special legislative session, but
88.14 may not be made on per diem payments received outside of a regular or special legislative
88.15 session, on the additional compensation attributable to a leadership position under section
88.16 3.099, subdivision 3, living expense payments under section 3.101, or special session living
88.17 expense payments under section 3.103.

88.18 (e) For a judge who is a member of the unclassified plan under section 352D.02,
88.19 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of
88.20 salary, and there is no employer contribution.

88.21 (f) These contributions must be made in the manner provided in section 352.04,
88.22 subdivisions 4, 5, and 6.

88.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

88.24 Sec. 9. Minnesota Statutes 2016, section 353.65, subdivision 2, is amended to read:

88.25 Subd. 2. **Employee contribution.** (a) For members other than members who were active
88.26 members of the former Minneapolis Firefighters Relief Association on December 29, 2011,
88.27 or for members other than members who were active members of the former Minneapolis
88.28 Police Relief Association on December 29, 2011, the employee contribution is an amount
88.29 equal to the following percentage of the total salary of each member, as follows: ~~9.6 percent~~
88.30 ~~before calendar year 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar~~
88.31 ~~year 2015 and thereafter.~~

89.1	<u>before January 1, 2018</u>	<u>10.8 percent</u>
89.2	<u>from January 1, 2018, through December 31, 2018</u>	<u>11.3 percent</u>
89.3	<u>from January 1, 2019, and thereafter</u>	<u>11.8 percent</u>

89.4 (b) For members who were active members of the former Minneapolis Firefighters Relief
 89.5 Association on December 29, 2011, the employee contribution is an amount equal to eight
 89.6 percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80
 89.7 and expressed as a biweekly amount for each member. The employee contribution made
 89.8 by a member with at least 25 years of service credit as an active member of the former
 89.9 Minneapolis Firefighters Relief Association must be deposited in the postretirement health
 89.10 care savings account established under section 352.98.

89.11 (c) For members who were active members of the former Minneapolis Police Relief
 89.12 Association on December 29, 2011, the employee contribution is an amount equal to eight
 89.13 percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80
 89.14 and expressed as a biweekly amount for each member. The employee contribution made
 89.15 by a member with at least 25 years of service credit as an active member of the former
 89.16 Minneapolis Police Relief Association must be deposited in the postretirement health care
 89.17 savings account established under section 352.98.

89.18 (d) Contributions under this section must be made by deduction from salary in the manner
 89.19 provided in subdivision 4. Where any portion of a member's salary is paid from other than
 89.20 public funds, the member's employee contribution is based on the total salary received from
 89.21 all sources.

89.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

89.23 Sec. 10. Minnesota Statutes 2016, section 353.65, subdivision 3, is amended to read:

89.24 Subd. 3. **Employer contribution.** (a) With respect to members other than members who
 89.25 were active members of the former Minneapolis Firefighters Relief Association on December
 89.26 29, 2011, or for members other than members who were active members of the former
 89.27 Minneapolis Police Relief Association on December 29, 2011, the employer contribution
 89.28 is an amount equal to the following percentage of the total salary of each member, as follows:
 89.29 ~~14.4 percent before calendar year 2014; 15.3 percent in calendar year 2014; and 16.2 percent~~
 89.30 ~~in calendar year 2015 and thereafter.~~

89.31	<u>before January 1, 2018</u>	<u>16.2 percent</u>
89.32	<u>from January 1, 2018, through December 31, 2018</u>	<u>16.95 percent</u>
89.33	<u>from January 1, 2019, and thereafter</u>	<u>17.7 percent</u>

90.1 (b) With respect to members who were active members of the former Minneapolis
 90.2 Firefighters Relief Association on December 29, 2011, the employer contribution is an
 90.3 amount equal to the amount of the member contributions under subdivision 2, paragraph
 90.4 (b).

90.5 (c) With respect to members who were active members of the former Minneapolis Police
 90.6 Relief Association on December 29, 2011, the employer contribution is an amount equal
 90.7 to the amount of the member contributions under subdivision 2, paragraph (c).

90.8 (d) Contributions under this subdivision must be made from funds available to the
 90.9 employing subdivision by the means and in the manner provided in section 353.28.

90.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

90.11 Sec. 11. Minnesota Statutes 2016, section 354.42, subdivision 2, is amended to read:

90.12 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the
 90.13 following percentage of the member's salary:

90.14	Period	Basic Program	Coordinated Program
90.15	from July 1, 2013, until June 30, 2014	10.5 percent	7 percent
90.16	after June 30, 2014 <u>from July 1, 2014,</u>		
90.17	<u>through June 30, 2017</u>	11 percent	7.5 percent
90.18	<u>from July 1, 2017, through June 30, 2018</u>	<u>11.19 percent</u>	<u>7.69 percent</u>
90.19	<u>from July 1, 2018, through June 30, 2019</u>	<u>11.38 percent</u>	<u>7.88 percent</u>
90.20	<u>from July 1, 2019, through June 30, 2020</u>	<u>11.56 percent</u>	<u>8.06 percent</u>
90.21	<u>after June 30, 2020</u>	<u>11.75 percent</u>	<u>8.25 percent</u>

90.22 (b) When an employee contribution rate changes for a fiscal year, the new contribution
 90.23 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
 90.24 reported.

90.25 (c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a,
 90.26 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
 90.27 accordingly.

90.28 (d) This contribution must be made by deduction from salary. Where any portion of a
 90.29 member's salary is paid from other than public funds, the member's employee contribution
 90.30 must be based on the entire salary received.

90.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

91.1 Sec. 12. Minnesota Statutes 2016, section 354.42, subdivision 3, is amended to read:

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

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

91.9 (b) The regular employer contribution to the fund by Independent School District No.
 91.10 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or
 91.11 new law coordinated member specified for the coordinated program in paragraph (c).

91.12 (c) The employer contribution to the fund for every other employer is an amount equal
 91.13 to the applicable following percentage of the salary of each coordinated member and the
 91.14 applicable following percentage of the salary of each basic member:

91.15	Period	Coordinated Member	Basic Member
91.16	from July 1, 2013, until June 30, 2014	7 percent	11 percent
91.17	<u>after June 30, 2014 from July 1, 2014,</u>		
91.18	<u>through June 30, 2017</u>	7.5 percent	11.5 percent
91.19	<u>from July 1, 2017, through June 30, 2018</u>	<u>7.75 percent</u>	<u>11.75 percent</u>
91.20	<u>from July 1, 2018, through June 30, 2019</u>	<u>8.0 percent</u>	<u>12 percent</u>
91.21	<u>from July 1, 2019, through June 30, 2020</u>	<u>8.25 percent</u>	<u>12.25 percent</u>
91.22	<u>after June 30, 2020</u>	<u>8.5 percent</u>	<u>12.5 percent</u>

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

91.26 (e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a,
 91.27 4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted
 91.28 accordingly.

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

91.30 Sec. 13. Minnesota Statutes 2016, section 354A.12, subdivision 1, is amended to read:

91.31 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by
 91.32 each member of the St. Paul Teachers Retirement Fund Association is the percentage of
 91.33 total salary specified below for the applicable association and program:

92.1	Program	Percentage of Total Salary
92.2	St. Paul Teachers Retirement Fund Association	
92.3	basic program after June 30, 2014	9 percent
92.4	basic program after June 30, 2015	9.5 percent
92.5	basic program after June 30, 2016	10 percent
92.6	<u>basic program after June 30, 2021</u>	<u>10.25 percent</u>
92.7	coordinated program after June 30, 2014	6.5 percent
92.8	coordinated program after June 30, 2015	7 percent
92.9	coordinated program after June 30, 2016	7.5 percent
92.10	<u>coordinated program after June 30, 2021</u>	<u>7.75 percent</u>

92.11 (b) Contributions must be made by deduction from salary and must be remitted directly
 92.12 to the St. Paul Teachers Retirement Fund Association at least once each month.

92.13 (c) When an employee contribution rate changes for a fiscal year, the new contribution
 92.14 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

92.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

92.16 Sec. 14. Minnesota Statutes 2016, section 354A.12, subdivision 2a, is amended to read:

92.17 Subd. 2a. **Employer regular and additional contributions.** (a) The employing units
 92.18 shall make the following employer contributions to the teachers retirement fund association:

92.19 (1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund
 92.20 Association, the employing unit shall make a regular employer contribution to the retirement
 92.21 fund association in an amount equal to the designated percentage of the salary of the
 92.22 coordinated member as provided below:

92.23	after June 30, 2014	5.5 percent
92.24	after June 30, 2015	6 percent
92.25	after June 30, 2016	6.25 percent
92.26	after June 30, 2017	6.5 <u>7</u> percent
92.27	<u>after June 30, 2018</u>	<u>7.75 percent</u>
92.28	<u>after June 30, 2019</u>	<u>8.25 percent</u>
92.29	<u>after June 30, 2020</u>	<u>9 percent</u>

92.30 (2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association,
 92.31 the employing unit shall make a regular employer contribution to the respective retirement
 92.32 fund in an amount according to the schedule below:

92.33	after June 30, 2014	9 percent of salary
92.34	after June 30, 2015	9.5 percent of salary

93.1	after June 30, 2016	9.75 percent of salary
93.2	after June 30, 2017	10 <u>10.5</u> percent of salary
93.3	<u>after June 30, 2018</u>	<u>11.25</u> percent of salary
93.4	<u>after June 30, 2019</u>	<u>11.75</u> percent of salary
93.5	<u>after June 30, 2020</u>	<u>12.5</u> percent of salary

93.6 (3) for a each basic member of the St. Paul Teachers Retirement Fund Association, the
 93.7 employing unit shall make an additional employer contribution to the respective fund in an
 93.8 amount equal to 3.64 percent of the salary of the basic member;

93.9 (4) for a each coordinated member of the St. Paul Teachers Retirement Fund Association,
 93.10 the employing unit shall make an additional employer contribution to the respective fund
 93.11 in an amount equal to 3.84 percent of the coordinated member's salary.

93.12 (b) The regular and additional employer contributions must be remitted directly to the
 93.13 St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts
 93.14 are payable with interest under the procedure in subdivision 1a.

93.15 (c) Payments of regular and additional employer contributions for school district or
 93.16 technical college employees who are paid from normal operating funds must be made from
 93.17 the appropriate fund of the district or technical college.

93.18 (d) When an employer contribution rate changes for a fiscal year, the new contribution
 93.19 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

93.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

93.21 **ARTICLE 8**

93.22 **DIRECT STATE AID**

93.23 Section 1. Minnesota Statutes 2016, section 353.65, is amended by adding a subdivision
 93.24 to read:

93.25 Subd. 3b. **Direct state aid.** The state shall pay \$4,500,000 on October 1, 2017, and
 93.26 October 1, 2018, to the public employees police and fire retirement plan. By October 1 of
 93.27 each year after 2018, the state shall pay to the public employees police and fire retirement
 93.28 plan \$9,000,000. The commissioner of management and budget shall pay the aid specified
 93.29 in this subdivision. The amount required is appropriated annually from the general fund to
 93.30 the commissioner of management and budget.

94.1 Sec. 2. Minnesota Statutes 2016, section 354A.12, subdivision 3a, is amended to read:

94.2 Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.**

94.3 (a) The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

94.4 (b) In addition to other amounts specified in this subdivision, the state shall pay

94.5 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

94.6 (c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay

94.7 \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

94.8 ~~(e)~~ (d) The aid under this subdivision is payable October 1 annually. The commissioner

94.9 of management and budget shall pay the aid specified in this subdivision. The amount

94.10 required is appropriated annually from the general fund to the commissioner of management

94.11 and budget.

94.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

94.13

ARTICLE 9

94.14

MINNESOTA STATE RETIREMENT SYSTEM

94.15

ADMINISTRATIVE PROVISIONS

94.16 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

94.17 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision

94.18 1 and who is no longer a member of the legislature is entitled to receive, upon written

94.19 application to the executive director on a form prescribed by the executive director, a refund

94.20 from the general fund of all contributions credited to the member's account with interest

94.21 computed as provided in section 352.22, subdivision 2.

94.22 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a

94.23 former member of the legislature and the survivors of the former member under this chapter.

94.24 (c) If the former member of the legislature again becomes a member of the legislature

94.25 after having taken a refund as provided in paragraph (a), the member is a member of the

94.26 unclassified employees retirement program of the Minnesota State Retirement System.

94.27 (d) However, the member may reinstate the rights and credit for service previously

94.28 forfeited under this chapter if the member repays all refunds taken, plus interest at the rate

94.29 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from

94.30 the date on which the refund was taken to the date on which the refund is repaid. Repayment

94.31 must be made as provided in section 352.23, paragraph (d).

94.32 (e) No person may be required to apply for or to accept a refund.

95.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

95.2 Sec. 2. Minnesota Statutes 2016, section 3A.03, subdivision 3, is amended to read:

95.3 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
95.4 retirement fund, is created within the state treasury. The legislators retirement fund must
95.5 be credited with any investment proceeds on the assets of the retirement fund.

95.6 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated from
95.7 the legislators retirement fund.

95.8 (c) The legislators retirement fund may receive transfers of general fund proceeds.

95.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

95.10 Sec. 3. Minnesota Statutes 2016, section 16A.14, subdivision 2a, is amended to read:

95.11 Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

95.12 (1) appropriations for the courts or the legislature;

95.13 (2) payment of unemployment benefits; and

95.14 (3) transactions within the defined contribution funds administered by the Minnesota
95.15 State Retirement System.

95.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

95.17 Sec. 4. Minnesota Statutes 2016, section 352.01, subdivision 2a, is amended to read:

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

95.19 (1) employees of the Minnesota Historical Society;

95.20 (2) employees of the State Horticultural Society;

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

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

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

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

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

96.3 (8) trainees who are employed on a full-time established training program performing
96.4 the duties of the classified position for which they will be eligible to receive immediate
96.5 appointment at the completion of the training period;

96.6 (9) employees of the Minnesota Safety Council;

96.7 (10) any employees who are on authorized leave of absence from the Transit Operating
96.8 Division of the former Metropolitan Transit Commission and who are employed by the
96.9 labor organization which is the exclusive bargaining agent representing employees of the
96.10 Transit Operating Division;

96.11 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
96.12 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control
96.13 Commission unless excluded under subdivision 2b or are covered by another public pension
96.14 fund or plan under section 473.415, subdivision 3;

96.15 (12) judges of the Tax Court;

96.16 (13) personnel who were employed on June 30, 1992, by the University of Minnesota
96.17 in the management, operation, or maintenance of its heating plant facilities, whose
96.18 employment transfers to an employer assuming operation of the heating plant facilities, so
96.19 long as the person is employed at the University of Minnesota heating plant by that employer
96.20 or by its successor organization;

96.21 (14) personnel who are employed as seasonal employees in the classified or unclassified
96.22 service;

96.23 (15) persons who are employed by the Department of Commerce as a peace officer in
96.24 the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory
96.25 retirement age specified in section 43A.34, subdivision 4;

96.26 (16) employees of the University of Minnesota unless excluded under subdivision 2b,
96.27 clause (3);

96.28 (17) employees of the Middle Management Association whose employment began after
96.29 July 1, 2007, and to whom section 352.029 does not apply;

96.30 (18) employees of the Minnesota Government Engineers Council to whom section
96.31 352.029 does not apply;

96.32 (19) employees of the Minnesota Sports Facilities Authority;

- 97.1 (20) employees of the Minnesota Association of Professional Employees;
- 97.2 (21) employees of the Minnesota State Retirement System;
- 97.3 (22) employees of the State Agricultural Society;
- 97.4 (23) employees of the Gillette Children's Hospital Board who were employed in the
97.5 state unclassified service at the former Gillette Children's Hospital on March 28, 1974; ~~and~~
- 97.6 (24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota,
97.7 employees of Conservation Corps Minnesota so employed on June 30, 2003; and
- 97.8 (25) employees of the Perpich Center for Arts Education who are covered by the general
97.9 state employees retirement plan of the Minnesota State Retirement System as of July 1,
97.10 2016.

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

97.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

97.18 Sec. 5. Minnesota Statutes 2016, section 352.03, subdivision 5, is amended to read:

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

97.27 (b) The executive director, deputy director, and assistant director must be in the
97.28 unclassified service but appointees may be selected from civil service lists if desired.
97.29 Notwithstanding any law to the contrary, the board must set the salary of the executive
97.30 director. The salary of the executive director must not exceed the limit for a position listed
97.31 in section 15A.0815, subdivision 2. The salary of the deputy director and assistant director
97.32 must be set in accordance with section 43A.18, subdivision 3.

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

98.2 Sec. 6. Minnesota Statutes 2016, section 352.03, subdivision 6, is amended to read:

98.3 Subd. 6. **Duties and powers of executive director.** The management of the system is
98.4 vested in the director, who is the executive and administrative head of the system. The
98.5 director may appoint a deputy director and an assistant director with the approval of the
98.6 board. The director shall be advisor to the board on matters pertaining to the system and
98.7 shall also act as the secretary of the board. The director shall:

98.8 (1) attend meetings of the board;

98.9 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

98.10 (3) establish and maintain an adequate system of records and accounts following
98.11 recognized accounting principles and controls;

98.12 ~~(4) designate an assistant director with the approval of the board;~~

98.13 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to
98.14 carry out the provisions of this chapter;

98.15 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the
98.16 functions of the system, and define the duties of its employees and delegate to them any
98.17 powers or duties, subject to the control of the director and under conditions the director may
98.18 prescribe. Appointments to exercise delegated power must be by written order and shall be
98.19 filed with the secretary of state;

98.20 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an approved
98.21 actuary, professional management services, and any other consulting services as necessary
98.22 and fix the compensation for those services. The contracts are not subject to competitive
98.23 bidding under chapter 16C. Any approved actuary retained by the executive director shall
98.24 function as the actuarial advisor of the board and the executive director, and may perform
98.25 actuarial valuations and experience studies to supplement those performed by the actuary
98.26 retained under section 356.214. Any supplemental actuarial valuations or experience studies
98.27 shall be filed with the executive director of the Legislative Commission on Pensions and
98.28 Retirement. Professional management services may not be contracted for more often than
98.29 once in six years. Copies of professional management survey reports must be transmitted
98.30 to the secretary of the senate, the chief clerk of the house of representatives, and the
98.31 Legislative Reference Library as provided by section 3.195, and to the executive director
98.32 of the commission at the time as reports are furnished to the board. Only management firms

99.1 experienced in conducting management surveys of federal, state, or local public retirement
99.2 systems are qualified to contract with the director;

99.3 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the
99.4 employees of the system;

99.5 ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and to the
99.6 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased
99.7 state employees or deceased former state employees, as provided in this chapter;

99.8 ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees
99.9 covered by the system and authorize payment of the annuities and benefits beginning as of
99.10 the dates on which the annuities and benefits begin to accrue, in accordance with the
99.11 provisions of this chapter;

99.12 ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
99.13 expenses of the system;

99.14 ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

99.15 ~~(13)~~ (12) with the advice and approval of the board request the State Board of Investment
99.16 to sell securities when the director determines that funds are needed for the system;

99.17 ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial report
99.18 covering the operation of the system, as required by section 356.20;

99.19 ~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with the
99.20 approval of the board submit the budgets to the Department of Management and Budget;
99.21 and

99.22 ~~(16)~~ (15) with the approval of the board, perform other duties required to administer the
99.23 retirement and other provisions of this chapter and to do its business.

99.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

99.25 Sec. 7. Minnesota Statutes 2016, section 352.113, subdivision 4, is amended to read:

99.26 Subd. 4. **Medical or psychological examinations; authorization for payment of**
99.27 **benefit.** (a) Any physician, psychologist, chiropractor, ~~or~~ physician assistant, or nurse
99.28 practitioner providing any service specified in this section must be licensed.

99.29 (b) An applicant shall provide a detailed report signed by a physician, and at least one
99.30 additional report signed by a physician, ~~chiropractor,~~ psychologist, ~~or~~ chiropractor, physician
99.31 assistant, or nurse practitioner with evidence to support an application for total and permanent

100.1 disability. The reports must include an expert opinion regarding whether the employee is
100.2 permanently and totally disabled within the meaning of section 352.01, subdivision 17, and
100.3 that the disability arose before the employee was placed on any paid or unpaid leave of
100.4 absence or terminated public service.

100.5 (c) If there is medical evidence that supports the expectation that at some point the person
100.6 applying for the disability benefit will no longer be disabled, the decision granting the
100.7 disability benefit may provide for a termination date upon which the total and permanent
100.8 disability can be expected to no longer exist. When a termination date is part of the decision
100.9 granting benefits, prior to the benefit termination the executive director shall review any
100.10 evidence provided by the disabled employee to show that the disabling condition for which
100.11 benefits were initially granted continues. If the benefits cease, the disabled employee may
100.12 follow the appeal procedures described in section 356.96 or may reapply for disability
100.13 benefits using the process described in this subdivision.

100.14 (d) Any claim to disability must be supported by a report from the employer indicating
100.15 that there is no available work that the employee can perform with the disabling condition
100.16 and that all reasonable accommodations have been considered. Upon request of the executive
100.17 director, an employer shall provide evidence of the steps the employer has taken to attempt
100.18 to provide reasonable accommodations and continued employment to the claimant.

100.19 (e) The director shall also obtain written certification from the employer stating whether
100.20 the employment has ceased or whether the employee is on sick leave of absence because
100.21 of a disability that will prevent further service to the employer and that the employee is not
100.22 entitled to compensation from the employer.

100.23 (f) The medical adviser shall consider the reports of the ~~physicians, physician assistants,~~
100.24 ~~psychologists, and chiropractors~~ physician, psychologist, chiropractor, physician assistant,
100.25 or nurse practitioner and any other evidence supplied by the employee or other interested
100.26 parties. If the medical adviser finds the employee totally and permanently disabled, the
100.27 adviser shall make appropriate recommendation to the director in writing together with the
100.28 date from which the employee has been totally disabled. The director shall then determine
100.29 if the disability occurred ~~within 18 months of filing the application,~~ while still in the
100.30 employment of the state, ~~and the propriety of authorizing payment of a disability benefit as~~
100.31 ~~provided in this section~~ and constitutes a total and permanent disability as defined in section
100.32 352.01, subdivision 17.

100.33 (g) A terminated employee may apply for a disability benefit within 18 months of
100.34 termination as long as the disability occurred while in the employment of the state. The fact

101.1 that an employee is placed on leave of absence without compensation because of disability
101.2 does not bar that employee from receiving a disability benefit.

101.3 (h) Upon appeal, the board of directors may extend the disability benefit application
101.4 deadline in paragraph (g) by an additional 18 months if the terminated employee is
101.5 determined by the board of directors to have a cognitive impairment that made it unlikely
101.6 that the terminated employee understood that there was an application deadline or that the
101.7 terminated employee was able to meet the application deadline.

101.8 ~~(h)~~ (i) Unless the payment of a disability benefit has terminated because the employee
101.9 is no longer totally disabled, or because the employee has reached normal retirement age
101.10 as provided in this section, the disability benefit must cease with the last payment received
101.11 by the disabled employee or which had accrued during the lifetime of the employee unless
101.12 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
101.13 benefit for the calendar month in which the disabled employee died.

101.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

101.15 Sec. 8. Minnesota Statutes 2016, section 352.113, subdivision 14, is amended to read:

101.16 Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all
101.17 earnings from reemployment and income from workers' compensation to the system annually
101.18 by May 15 in a format prescribed by the executive director. The executive director may
101.19 waive the earnings report requirement for any disabled employee who is not required to
101.20 undergo regular medical or psychological examinations under subdivision 6. If the form is
101.21 not submitted by June 15, benefits must be suspended effective July 1. If the form deemed
101.22 acceptable by the executive director is received after the June 15 deadline, benefits shall be
101.23 reinstated retroactive to July 1.

101.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

101.25 Sec. 9. Minnesota Statutes 2016, section 352.23, is amended to read:

101.26 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

101.27 (a) When any employee accepts a refund as provided in section 352.22, all existing
101.28 allowable service credits and all rights and benefits to which the employee was entitled
101.29 before accepting the refund terminate.

101.30 (b) Terminated service credits and rights must not again be restored until the former
101.31 employee acquires at least six months of allowable service credit after taking the last refund-

102.1 ~~In that event, the employee may repay~~ and repays all refunds previously taken from the
102.2 retirement fund with interest as provided in paragraph (d).

102.3 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
102.4 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
102.5 under law in effect when the payment in lieu of deductions was made; (3) payments made
102.6 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
102.7 allowable service previously credited while receiving temporary workers' compensation as
102.8 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

102.9 (d) Payments under this section for repayment of refunds are to be paid with interest at
102.10 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually
102.11 from the date the refund was taken until the date the refund is repaid. ~~They~~ Repayment may
102.12 ~~be paid in a lump sum or by payroll deduction in the manner provided in section 352.04.~~
102.13 Payment may be made in partial payments consistent with section 356.44 during employment
102.14 or in a lump sum up to six months after termination from service.

102.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

102.16 Sec. 10. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

102.17 Subd. 4. **Reentry into state service.** When a former member, who has become separated
102.18 from state service that entitled the member to membership and has received a refund of
102.19 retirement payments, reenters the state service in a position that entitles the member to
102.20 membership, that member shall receive credit for the period of prior allowable state service
102.21 if the member repays into the fund the amount of the refund, plus interest on it at the rate
102.22 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, ~~at~~
102.23 ~~any time before subsequent retirement. Repayment may be made in installments or in a~~
102.24 ~~lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

102.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

102.26 Sec. 11. Minnesota Statutes 2016, section 352D.02, subdivision 1, is amended to read:

102.27 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3),
102.28 (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
102.29 Metropolitan Council and are eligible for coverage under the general state employees
102.30 retirement plan under chapter 352, are participants in the unclassified program under this
102.31 chapter ~~unless the employee gives notice to the executive director of the Minnesota State~~
102.32 ~~Retirement System within one year following the commencement of employment in the~~

103.1 ~~unclassified service that the employee desires coverage under the general state employees~~
103.2 ~~retirement plan. For the purposes of this chapter, an employee who does not file notice with~~
103.3 ~~the executive director is deemed to have exercised the option to participate in the unclassified~~
103.4 ~~program.~~

103.5 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
103.6 program under this chapter unless the person was eligible to elect different coverage under
103.7 section 3A.07 and elected retirement coverage by the applicable alternative retirement plan.
103.8 Persons referenced in paragraph (c), clause (15), are participants in the unclassified program
103.9 under this chapter for judicial employment in excess of the service credit limit in section
103.10 490.121, subdivision 22.

103.11 (c) Enumerated employees and referenced persons are:

103.12 (1) the governor, the lieutenant governor, the secretary of state, the state auditor, and
103.13 the attorney general;

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

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

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

103.20 (5) a member of the legislature;

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

103.26 (7) a person who is employed in a position established under section 43A.08, subdivision
103.27 1, clause (3), or in a position authorized under a statute creating or establishing a department
103.28 or agency of the state, which is at the deputy or assistant head of department or agency or
103.29 director level;

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

104.1 (9) the commissioner, deputy commissioner, and not to exceed nine positions of the
104.2 Minnesota Office of Higher Education in the unclassified service, as designated by the
104.3 Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated
104.4 with the approval of the board of directors of the Minnesota State Retirement System, unless
104.5 the person has elected coverage by the individual retirement account plan under chapter
104.6 354B;

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

104.10 (11) the chief executive officers of correctional facilities operated by the Department of
104.11 Corrections and of hospitals and nursing homes operated by the Department of Human
104.12 Services;

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

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

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

104.17 (15) a judge who has exceeded the service credit limit in section 490.121, subdivision
104.18 22;

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

104.20 (17) a person employed by the Minnesota State Colleges and Universities as faculty or
104.21 in an eligible unclassified administrative position as defined in section 354B.20, subdivision
104.22 6, who was employed by the former state university or the former community college system
104.23 before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

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

104.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

104.29 Sec. 12. Minnesota Statutes 2016, section 352D.02, subdivision 3, is amended to read:

104.30 Subd. 3. **Transfer to general employees retirement plan.** (a) ~~If permitted under~~
104.31 ~~paragraph (b), an employee~~ A person in the unclassified program and referred to in
104.32 subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), ~~who is credited~~

105.1 ~~with shares in the unclassified program and has credit for allowable service~~ may elect to
105.2 terminate participation in the unclassified program and be covered by the general state
105.3 employees retirement plan. ~~(b) An employee specified in paragraph (a) is permitted to~~
105.4 ~~terminate participation in the unclassified program and be covered by~~ if the person files an
105.5 election to transfer to the general state employees retirement plan if the employee with the
105.6 executive director of the Minnesota State Retirement System as provided in paragraph (b)
105.7 and the person's current employment or appointment:

105.8 (1) ~~was employed~~ began before July 1, 2010, and the person has at least ten years of
105.9 ~~allowable service~~ covered employment; or

105.10 (2) ~~was first employed~~ began after June 30, 2010, and the person has no more than seven
105.11 years of allowable service in the unclassified program.

105.12 ~~The (b) An election to transfer~~ must be in writing, on a form provided by the executive
105.13 director, and ~~can be made no later than one month following the termination of covered~~
105.14 ~~employment.~~ delivered to the executive director:

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

105.17 (2) for persons described in paragraph (a), clause (2), no later than one month following
105.18 the termination of employment in a position covered by the unclassified program.

105.19 For purposes of this chapter, an employee who does not file an election to transfer with
105.20 the executive director is deemed to have exercised the option to participate in the unclassified
105.21 program.

105.22 (c) If the transfer election is made, the executive director shall redeem the employee's
105.23 total shares and credit to the employee's account in the general employees retirement plan
105.24 the amount of contributions that would have been credited had the employee been covered
105.25 by the general employees retirement plan during the employee's entire covered employment.
105.26 The balance of money redeemed and not credited to the employee's account must be
105.27 transferred to the general employees retirement plan, except that the executive director must
105.28 determine:

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

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

105.32 If clause (1) is greater than clause (2), the difference must be refunded to the employee
105.33 as provided in section 352.22. If clause (2) is greater than clause (1), the difference must

106.1 be paid by the employee within six months of electing general employees retirement plan
106.2 coverage or before the effective date of the annuity, whichever is sooner.

106.3 (d) An election under paragraph (b) to transfer coverage to the general employees
106.4 retirement plan is irrevocable during any period of covered employment.

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

106.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

106.10 Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

106.11 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay
106.12 regular refunds taken under section 352.22, as provided in section 352.23.

106.13 (b) A participant in the unclassified program or an employee covered by the general
106.14 employees retirement plan who has withdrawn the value of the total shares may repay the
106.15 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying
106.16 into the fund the amount refunded plus interest at the rate of 8.5 percent until June 30, 2015,
106.17 and eight percent thereafter compounded annually from the date that the refund was taken
106.18 until the date that the refund is repaid. If the participant had withdrawn only the employee
106.19 shares as permitted under prior laws, repayment must be pro rata.

106.20 (c) ~~Except as provided in section 356.441, the repayment of a refund under this section~~
106.21 ~~must be made in a lump sum~~ Repayment must be made as provided in section 352.23,
106.22 paragraph (d).

106.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

106.24 Sec. 14. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

106.25 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an
106.26 amount that is equal to all of the member's employee contributions to the judges' retirement
106.27 fund plus interest computed under section 352.22, subdivision 2.

106.28 (b) A refund of contributions under paragraph (a) terminates all service credits and all
106.29 rights and benefits of the judge and the judge's survivors under this chapter.

106.30 (c) A person who becomes a judge again after taking a refund under paragraph (a) may
106.31 reinstate the previously terminated allowable service credit, rights, and benefits by repaying

107.1 the total amount of the previously received refund. The refund repayment must include
107.2 interest on the total amount previously received at the annual rate of 8.5 percent until June
107.3 30, 2015, and eight percent thereafter, compounded annually, from the date on which the
107.4 refund was received until the date on which the refund is repaid. Repayment must be made
107.5 as provided in section 352.23, paragraph (d).

107.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

107.7 **ARTICLE 10**

107.8 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**
107.9 **ADMINISTRATIVE PROVISIONS**

107.10 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 2b, is amended to read:

107.11 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
107.12 participate as members of the association with retirement coverage by the general employees
107.13 retirement plan, the local government correctional employees retirement plan under chapter
107.14 353E, or the public employees police and fire retirement plan:

107.15 (1) persons whose annual salary from one governmental subdivision never exceeds an
107.16 amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
107.17 employee or \$3,800 if the person is a school year employee. If annual compensation from
107.18 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
107.19 year or a school year, whichever applies, after being stipulated in advance not to exceed the
107.20 applicable amount, the stipulation is no longer valid and contributions must be made on
107.21 behalf of the employee under section 353.27, subdivision 12, from the first month in which
107.22 the employee received salary exceeding \$425 in a month;

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

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

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

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

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

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

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

108.21 (9) persons who are:

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

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

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

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

109.1 (11) ~~except for employees of~~ For the first three years of employment, foreign citizens
109.2 who are employed by a governmental subdivision, other than Hennepin County or employees
109.3 of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental
109.4 subdivision under a one or more work permit permits or under an H-1b visa initially issued
109.5 or extended for a combined period of less than three years of employment but upon extension
109.6 of the ~~employment of the visa beyond the three-year period, the foreign citizen must be~~
109.7 ~~reported for membership beginning on the first of the month following the extension if the~~
109.8 ~~monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met~~work
109.9 visas;

109.10 (12) public hospital employees who elected not to participate as members of the
109.11 association before 1972 and who did not elect to participate from July 1, 1988, to October
109.12 1, 1988;

109.13 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
109.14 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
109.15 may still qualify as public employees under subdivision 2 and may be members of the Public
109.16 Employees Retirement Association and participants in the general employees retirement
109.17 plan or the public employees police and fire plan, whichever applies, on the basis of
109.18 compensation received from public employment service other than service as volunteer
109.19 ambulance service personnel;

109.20 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
109.21 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
109.22 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
109.23 and may be a member of the Public Employees Retirement Association and a participant
109.24 in the general employees retirement plan or the public employees police and fire plan,
109.25 whichever applies, on the basis of compensation received from public employment activities
109.26 other than those as a volunteer firefighter;

109.27 (15) pipefitters and associated trades personnel employed by Independent School District
109.28 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
109.29 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
109.30 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
109.31 12;

109.32 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
109.33 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
109.34 have retirement coverage under a collective bargaining agreement by the Electrical Workers

110.1 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
110.2 pension plan applicable to Carpenters Local 322 who were either first employed after May
110.3 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
110.4 chapter 461, article 7, section 5;

110.5 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
110.6 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
110.7 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
110.8 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
110.9 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
110.10 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
110.11 plan who were either first employed after May 1, 2001, or if first employed before May 2,
110.12 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
110.13 section 6;

110.14 (18) plumbers who are employed by the Metropolitan Airports Commission, with
110.15 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
110.16 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,
110.17 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
110.18 6;

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

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

110.29 (21) independent contractors and the employees of independent contractors;

110.30 (22) reemployed annuitants of the association during the course of that reemployment;

110.31 (23) persons appointed to serve on a board or commission of a governmental subdivision
110.32 or an instrumentality thereof;

111.1 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
111.2 Transit Commission who are members of the International Brotherhood of Teamsters Local
111.3 638 and who are, by virtue of that employment, members of the International Brotherhood
111.4 of Teamsters Central States pension plan; and

111.5 (25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board,
111.6 with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters
111.7 local 539 pension plan, who were first employed before May 2, 2015, and who elected to
111.8 be excluded under Laws 2015, chapter 68, article 11, section 5.

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

111.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

111.13 Sec. 2. Minnesota Statutes 2016, section 353.01, subdivision 10, is amended to read:

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

111.15 (1) the wages or periodic compensation payable to a public employee by the employing
111.16 governmental subdivision before:

111.17 (i) employee retirement deductions that are designated as picked-up contributions under
111.18 section 356.62;

111.19 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
111.20 plans, or other voluntary salary reduction programs that would have otherwise been available
111.21 as a cash payment to the employee; and

111.22 (iii) employee deductions for contributions to a supplemental plan or to a governmental
111.23 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
111.24 health care expenses, unless otherwise excluded under paragraph (b);

111.25 (2) for a public employee who is covered by a supplemental retirement plan under section
111.26 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the
111.27 applicable supplemental retirement plan when an agreement between the parties establishes
111.28 that the contributions will either result in a mandatory reduction of employees' wages through
111.29 payroll withholdings, or be made in lieu of an amount that would otherwise be paid as
111.30 wages;

111.31 (3) a payment from a public employer through a grievance proceeding, settlement, or
111.32 court order that is attached to a specific earnings period in which the employee's regular

112.1 salary was not earned or paid to the member due to a suspension or a period of involuntary
112.2 termination that is not a wrongful discharge under section 356.50; provided the amount is
112.3 not less than the equivalent of the average of the hourly base salary rate in effect during the
112.4 last six months of allowable service prior to the suspension or period of involuntary
112.5 termination, plus any applicable increases awarded during the period that would have been
112.6 paid under a collective bargaining agreement or personnel policy but for the suspension or
112.7 involuntary termination, multiplied by the average number of regular hours for which the
112.8 employee was compensated during the six months of allowable service prior to the suspension
112.9 or period of involuntary termination, but not to exceed the compensation that the public
112.10 employee would have earned if regularly employed during the applicable period;

112.11 (4) ~~for a member who is absent from employment due to~~ compensation paid during an
112.12 authorized leave of absence, other than an authorized medical leave of absence, as long as
112.13 the compensation paid during the leave if equivalent to a pay period is not less than the
112.14 lesser of:

112.15 (i) the product of the average hourly base salary rate in effect during the six months of
112.16 allowable service, or portions thereof, prior to immediately preceding the leave, multiplied
112.17 by the average number of regular hours for which the employee was compensated each pay
112.18 period during the six months of allowable service prior to immediately preceding the
112.19 applicable leave of absence; or

112.20 (ii) compensation equal to the value of the employee's total available accrued leave
112.21 hours;

112.22 (5) ~~for a member who is absent from employment by reason of~~ compensation paid during
112.23 an authorized medical leave of absence, other than a workers' compensation leave, as long
112.24 as the compensation paid during the leave if specified in advance to be at least a pay period
112.25 is not less than the lesser of:

112.26 (i) the product of one-half of, but no more than equal to, the earnings the member
112.27 received, on which contributions were reported and allowable service credited the average
112.28 hourly base salary rate in effect during the six months of allowable service immediately
112.29 preceding the medical leave of absence; and or

112.30 (ii) compensation equal to the value of the employee's total available accrued leave
112.31 hours;

112.32 (6) for a public employee who receives performance or merit bonus payment under a
112.33 written compensation plan, policy, or collective bargaining agreement in addition to regular
112.34 salary or in lieu of regular salary increases, the compensation paid to the employee for

113.1 attaining or exceeding performance goals, duties, or measures during a specified period of
113.2 employment.

113.3 (b) Salary does not mean:

113.4 (1) fees paid to district court reporters;

113.5 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or
113.6 periodic payments;

113.7 (3) for the donor, payment to another person of the value of hours donated under a
113.8 benevolent vacation, personal, or sick leave donation program;

113.9 (4) any form of severance or retirement incentive payments;

113.10 (5) an allowance payment or per diem payments for or reimbursement of expenses;

113.11 (6) lump-sum settlements not attached to a specific earnings period;

113.12 (7) workers' compensation payments or disability insurance payments, including payments
113.13 from employer self-insurance arrangements;

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

113.19 (9) employer-paid fringe benefits, including, but not limited to:

113.20 (i) employer-paid premiums or supplemental contributions for employees for all types
113.21 of insurance;

113.22 (ii) membership dues or fees for the use of fitness or recreational facilities;

113.23 (iii) incentive payments or cash awards relating to a wellness program;

113.24 (iv) the value of any nonmonetary benefits;

113.25 (v) any form of payment made in lieu of an employer-paid fringe benefit;

113.26 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity
113.27 program; and

113.28 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum
113.29 amount or a fixed or matching amount paid on a recurring basis, that is not available to the
113.30 employee as cash;

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

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

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

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

114.12 (11) except as provided in section 353.86 or 353.87, compensation of any kind paid to
114.13 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
114.14 35 or 36;

114.15 (12) the amount of compensation that exceeds the limitation provided in section 356.611;

114.16 (13) amounts paid by a federal or state grant for which the grant specifically prohibits
114.17 grant proceeds from being used to make pension plan contributions, unless the contributions
114.18 to the plan are made from sources other than the federal or state grant; and

114.19 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

114.20 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an
114.21 employee by the employer through a grievance proceeding, a court order, or a legal settlement
114.22 are salary only if the settlement or court order is reviewed by the executive director and the
114.23 amounts are determined by the executive director to be consistent with paragraph (a) and
114.24 prior determinations.

114.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

114.26 Sec. 3. Minnesota Statutes 2016, section 353.01, subdivision 47, is amended to read:

114.27 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an
114.28 annuity or benefit from a retirement plan administered by the Public Employees Retirement
114.29 Association by having credit for sufficient allowable service under paragraph (b), (c), or
114.30 (d), whichever applies.

115.1 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
115.2 member of the general employees retirement plan of the Public Employees Retirement
115.3 Association:

115.4 (1) a public employee who first became a member of the association before July 1, 2010,
115.5 is 100 percent vested when the person has accrued credit for not less than three years of
115.6 allowable service ~~as defined under subdivision 16~~ in the general employees retirement plan;
115.7 and

115.8 (2) a public employee who first becomes a member of the association after June 30,
115.9 2010, is 100 percent vested when the person has accrued credit for not less than five years
115.10 of allowable service ~~as defined under subdivision 16~~ in the general employees retirement
115.11 plan.

115.12 (c) For purposes of qualifying for an annuity or benefit as a member of the local
115.13 government correctional ~~employees~~ service retirement plan:

115.14 (1) a public employee who first became a member of the association before July 1, 2010,
115.15 is 100 percent vested when the person has accrued credit for not less than three years of
115.16 allowable service ~~as defined under subdivision 16~~ in the local government correctional
115.17 service retirement plan; and

115.18 (2) a public employee who first becomes a member of the association after June 30,
115.19 2010, is vested at the following percentages when the person has accrued ~~credited~~ credit
115.20 for allowable service as defined under subdivision 16, as follows in the local government
115.21 correctional service retirement plan, as follows:

115.22 (i) 50 percent after five years;

115.23 (ii) 60 percent after six years;

115.24 (iii) 70 percent after seven years;

115.25 (iv) 80 percent after eight years;

115.26 (v) 90 percent after nine years; and

115.27 (vi) 100 percent after ten years.

115.28 (d) For purposes of qualifying for an annuity or benefit as a member of the public
115.29 employees police and fire retirement plan:

115.30 (1) a public employee who first became a member of the association before July 1, 2010,
115.31 is 100 percent vested when the person has accrued credit for not less than three years of

116.1 allowable service ~~as defined under subdivision 16~~ in the public employees police and fire
116.2 retirement plan;

116.3 (2) a public employee who first becomes a member of the association after June 30,
116.4 2010, and before July 1, 2014, is vested at the following percentages when the person has
116.5 accrued credited allowable service ~~as defined under subdivision 16~~ in the public employees
116.6 police and fire retirement plan, as follows:

116.7 (i) 50 percent after five years;

116.8 (ii) 60 percent after six years;

116.9 (iii) 70 percent after seven years;

116.10 (iv) 80 percent after eight years;

116.11 (v) 90 percent after nine years; and

116.12 (vi) 100 percent after ten years; and

116.13 (3) a public employee who first becomes a member of the association after June 30,
116.14 2014, is vested at the following percentages when the person has accrued ~~credited credit~~ credit
116.15 for allowable service as defined under subdivision 16 in the public employees police and
116.16 fire retirement plan, as follows:

116.17 (i) 50 percent after ten years;

116.18 (ii) 55 percent after 11 years;

116.19 (iii) 60 percent after 12 years;

116.20 (iv) 65 percent after 13 years;

116.21 (v) 70 percent after 14 years;

116.22 (vi) 75 percent after 15 years;

116.23 (vii) 80 percent after 16 years;

116.24 (viii) 85 percent after 17 years;

116.25 (ix) 90 percent after 18 years;

116.26 (x) 95 percent after 19 years; and

116.27 (xi) 100 percent after 20 or more years.

116.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

117.1 Sec. 4. Minnesota Statutes 2016, section 353.0162, is amended to read:

117.2 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE FOR**
117.3 **PERIODS OF REDUCED SALARY.**

117.4 (a) A member may purchase ~~additional~~ differential salary credit, as described in paragraph
117.5 (c), for a period specified in ~~this section~~ paragraph (b).

117.6 (b) The applicable period is a period during which the member is receiving a no or
117.7 reduced salary from the employer while the member is:

117.8 (1) receiving ~~temporary~~ workers' compensation payments related to the member's service
117.9 to the public employer;

117.10 (2) on an authorized leave of absence, except that if the authorized leave of absence
117.11 exceeds 12 months, the period of leave for which differential salary credit may be purchased
117.12 is limited to 12 months; or

117.13 (3) on an authorized ~~partial-paid~~ leave of absence as a result of a budgetary or salary
117.14 savings program offered or mandated by a governmental subdivision, if certified to the
117.15 executive director by the governmental subdivision.

117.16 (c) ~~The~~ Differential salary ~~amount~~ credit is the difference between the ~~average monthly~~
117.17 salary received by the member during the a period of reduced salary under this section
117.18 specified in paragraph (b) and the average monthly salary of the member, excluding overtime,
117.19 on which contributions to the applicable plan were would have been made during the period
117.20 of the last six months of covered employment occurring immediately before the period of
117.21 reduced salary, applied to based on the member's normal employment period, measured in
117.22 hours or otherwise, as applicable, and rate of pay.

117.23 (d) To receive ~~eligible~~ differential salary credit, the member shall pay the plan, by
117.24 delivering payment to the executive director, an amount equal to:

117.25 (1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65,
117.26 subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary
117.27 amount;

117.28 (2) plus an employer equivalent payment equal to the applicable employer contribution
117.29 rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as
117.30 applicable, multiplied by the differential salary amount;

118.1 (3) plus, if applicable, an equivalent employer additional amount equal to the additional
 118.2 employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential
 118.3 salary amount.

118.4 (e) The employer, by appropriate action of its governing body and documented in its
 118.5 official records, may pay the employer equivalent contributions and, as applicable, the
 118.6 equivalent employer additional contributions on behalf of the member.

118.7 (f) Payment under this section must include interest on the contribution amount or
 118.8 amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an
 118.9 eight percent annual rate thereafter, prorated for applicable months from the date on which
 118.10 the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the
 118.11 date on which the payment or payments are received by the executive director. Payment
 118.12 under this section must be completed ~~within~~ by the earlier earliest of:

118.13 (1) 30 days from after termination of public service by the employee under section
 118.14 353.01, subdivision 11a, ~~or;~~

118.15 (2) one year after the termination of the period specified in paragraph (b), as further
 118.16 ~~restricted under this section;~~ or

118.17 (3) 30 days after the commencement of a disability benefit.

118.18 ~~(g) The period for which additional allowable salary credit may be purchased is limited~~
 118.19 ~~to the period during which the person receives temporary workers' compensation payments~~
 118.20 ~~or for those business years in which the governmental subdivision offers or mandates a~~
 118.21 ~~budget or salary savings program, as certified to the executive director by a resolution of~~
 118.22 ~~the governing body of the governmental subdivision. For an authorized leave of absence,~~
 118.23 ~~the period for which allowable salary credit may be purchased may not exceed 12 months~~
 118.24 ~~of authorized leave.~~

118.25 ~~(h) To purchase~~ (g) If the member has purchased 12 months of differential salary credit
 118.26 ~~for a subsequent period of temporary workers' compensation benefits or subsequent~~
 118.27 ~~authorized medical leave of absence, the member must return to public service and render~~
 118.28 ~~a minimum of three months of allowable service~~ to purchase differential salary credit for a
 118.29 subsequent leave of absence.

118.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

118.31 Sec. 5. Minnesota Statutes 2016, section 353.03, subdivision 3, is amended to read:

118.32 Subd. 3. **Duties and powers.** (a) The board shall:

- 119.1 (1) elect a president and vice-president;
- 119.2 (2) approve the staffing complement, as recommended by the executive director,
119.3 necessary to administer the fund;
- 119.4 (3) adopt bylaws for its own government and for the management of the fund consistent
119.5 with the laws of the state and may modify them at pleasure;
- 119.6 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and
119.7 the terms of the applicable benefit plans for the administration and management of the fund,
119.8 for the payment and collection of payments from members and for the payment of
119.9 withdrawals and benefits, and that are necessary in order to comply with the applicable
119.10 federal Internal Revenue Service and Department of Labor requirements;
- 119.11 (5) pass upon and allow or disallow all applications for membership in the fund and
119.12 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;
- 119.13 ~~(6) authorize procedures for use of electronic signatures as defined in section 325L.02,~~
119.14 ~~paragraph (h), on applications and forms required by the association;~~
- 119.15 ~~(7)~~ (6) adopt an appropriate mortality table based on experience of the fund as
119.16 recommended by the association actuary and approved under section 356.215, subdivision
119.17 18, with interest set at the rate specified in section 356.215, subdivision 8;
- 119.18 ~~(8)~~ (7) provide for the payment out of the fund of the cost of administering this chapter,
119.19 of all necessary expenses for the administration of the fund and of all claims for withdrawals,
119.20 pensions, or benefits allowed;
- 119.21 ~~(9)~~ (8) approve or disapprove all recommendations and actions of the executive director
119.22 made subject to its approval or disapproval by subdivision 3a; and
- 119.23 ~~(10)~~ (9) approve early retirement and optional annuity factors, subject to review by the
119.24 actuary retained by the Legislative Commission on Pensions and Retirement; establish the
119.25 schedule for implementation of the approved factors; and notify the Legislative Commission
119.26 on Pensions and Retirement of the implementation schedule.
- 119.27 (b) In passing upon all applications and claims, the board may summon, swear, hear,
119.28 and examine witnesses and, in the case of claims for disability benefits, may require the
119.29 claimant to submit to a medical examination by a physician of the board's choice, at the
119.30 expense of the fund, as a condition precedent to the passing on the claim, and, in the case
119.31 of all applications and claims, may conduct investigations necessary to determine their
119.32 validity and merit.

120.1 (c) The board may continue to authorize the sale of life insurance to members under the
 120.2 insurance program in effect on January 1, 1985, but must not change that program without
 120.3 the approval of the commissioner of management and budget. The association shall not
 120.4 receive any financial benefit from the life insurance program beyond the amount necessary
 120.5 to reimburse the association for costs incurred in administering the program. The association
 120.6 shall not engage directly or indirectly in any other activity involving the sale or promotion
 120.7 of goods or services, or both, whether to members or nonmembers.

120.8 (d) The board shall establish procedures governing reimbursement of expenses to board
 120.9 members. These procedures must define the types of activities and expenses that qualify
 120.10 for reimbursement, must provide that all out-of-state travel be authorized by the board, and
 120.11 must provide for the independent verification of claims for expense reimbursement. The
 120.12 procedures must comply with the applicable rules and policies of the Department of
 120.13 Management and Budget and the Department of Administration.

120.14 (e) The board may purchase fiduciary liability insurance and official bonds for the
 120.15 officers and members of the board of trustees and employees of the association and may
 120.16 purchase property insurance or may establish a self-insurance risk reserve including, but
 120.17 not limited to, data processing insurance and "extra-expense" coverage.

120.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

120.19 Sec. 6. Minnesota Statutes 2016, section 353.29, subdivision 4, is amended to read:

120.20 Subd. 4. **Application for annuity.** Application for a retirement annuity or optional
 120.21 annuity may be made by a member or by a person ~~authorized to act~~ acting on behalf of the
 120.22 member, upon proof of authority satisfactory to the executive director. Every application
 120.23 ~~for retirement~~ must be made ~~in writing~~ on a form or in a format prescribed by the executive
 120.24 director and must be substantiated by ~~written~~ proof of the member's age and identity. The
 120.25 notarized signature of a member's spouse on a retirement annuity application acknowledging
 120.26 the member's annuity selection meets the notice requirement to the spouse under section
 120.27 356.46, subdivision 3. An application for a retirement annuity is not complete until all
 120.28 necessary supporting documents are received by the executive director.

120.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

120.30 Sec. 7. Minnesota Statutes 2016, section 353.29, subdivision 7, is amended to read:

120.31 Subd. 7. ~~Annuities; accrual~~ **Annuity starting date.** (a) Except as to ~~elected public~~
 120.32 ~~officials~~ specified in paragraph (b), a retirement annuity granted under this chapter begins

121.1 ~~with~~ on the first day of the first calendar month after the date of termination of public service
 121.2 or up to six months before the first of the month in which a complete application is received
 121.3 by the executive director under subdivision 4, whichever is later. The annuity must be paid
 121.4 in equal monthly installments ~~and does not accrue,~~ unless suspended or reduced under
 121.5 section 353.37. Annuity payments shall not be paid beyond the end of the month in which
 121.6 entitlement to the annuity has terminated.

121.7 (b) An annuity granted to an ~~elective~~ elected public official ~~accrues~~ may begin on the
 121.8 day following the expiration of the public office ~~or expiration of the right to hold that office~~
 121.9 that qualified the elected official for membership under section 353.01, subdivision 2a or
 121.10 2d, if a complete application is received by the executive director under subdivision 4 within
 121.11 six months of the date of termination of public service. The annuity for the month during
 121.12 which the expiration occurred is prorated accordingly.

121.13 (c) An annuity, once granted, must not be increased, decreased, or revoked except under
 121.14 this chapter.

121.15 ~~(d) An annuity payment may be made retroactive for up to one year prior to that month~~
 121.16 ~~in which a complete application is received by the executive director under subdivision 4.~~

121.17 ~~(e)~~ (d) If an annuitant dies before negotiating the check for the month in which death
 121.18 occurs, payment must first be made to the surviving spouse, or if none, then to the designated
 121.19 beneficiary, or if none, lastly to the estate.

121.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

121.21 Sec. 8. Minnesota Statutes 2016, section 353.30, subdivision 3c, is amended to read:

121.22 Subd. 3c. **Effective date of bounce-back annuity.** In the event of the death of the
 121.23 designated optional annuity beneficiary before the retired employee or disabilitant, the
 121.24 restoration of the normal single life annuity under subdivision 3a or 3b will take effect on
 121.25 the first of the month following the date of death of the designated optional annuity
 121.26 beneficiary or on the first of the month following ~~one year~~ six months before ~~the date on~~
 121.27 ~~which a certified copy~~ satisfactory verification of the death record is received in the office
 121.28 ~~of the public employees retirement association~~ established by the executive director,
 121.29 whichever date is later.

121.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

122.1 Sec. 9. Minnesota Statutes 2016, section 353.32, subdivision 1, is amended to read:

122.2 Subdivision 1. **Before retirement.** If a member or former member ~~who terminated public~~
122.3 ~~service~~ dies before ~~retirement or before~~ receiving any retirement annuity and no other
122.4 payment of any kind is or may become payable to any person, a refund is payable to the
122.5 designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal
122.6 representative of the decedent's estate. The refund must be in an amount equal to accumulated
122.7 deductions, less the sum of any disability or survivor benefits that have been paid by the
122.8 fund, plus annual compound interest thereon at the rate specified in section 353.34,
122.9 subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that may have~~
122.10 ~~been paid by the fund~~; provided that a survivor who has a right to benefits under section
122.11 353.31 may waive such benefits in writing, except such benefits for a dependent child under
122.12 the age of 18 years may only be waived under an order of the district court.

122.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

122.14 Sec. 10. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

122.15 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who
122.16 ceases to be a public employee is entitled to receive a refund in an amount equal to
122.17 accumulated deductions ~~with~~, less the sum of any disability benefits that have been paid by
122.18 the fund, plus annual compound interest to the first day of the month in which the refund
122.19 is processed.

122.20 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
122.21 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
122.22 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
122.23 refund interest is at the rate of four percent.

122.24 (c) If a person repays a refund and subsequently applies for another refund, the repayment
122.25 amount, including interest, is added to the fiscal year balance in which the repayment was
122.26 made.

122.27 (d) If the refund payable to a member is based on employee deductions that are
122.28 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
122.29 invalid employee deductions is four percent.

122.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

123.1 Sec. 11. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

123.2 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former
123.3 member accepts a refund, all existing service credits and all rights and benefits to which
123.4 the person was entitled prior to the acceptance of the refund ~~must~~ terminate.

123.5 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a
123.6 forfeiture of salary credit for the allowable service credit covered by the refund.

123.7 (c) ~~The~~ If a person forfeits service credits, rights, and benefits under paragraph (a), the
123.8 person's service credits, rights, and benefits of a former member must not shall be restored
123.9 until if the person returns to active service and acquires employment covered by the
123.10 association for at least six months of allowable service credit after taking the last refund
123.11 and repays the refund or refunds taken and interest all amounts previously received under
123.12 section 353.34, ~~subdivisions 1 and~~ subdivision 2, plus interest at the annual rate of 8.5
123.13 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the
123.14 date each amount was received to the date the amount is repaid. If the person elects to restore
123.15 service credit in a particular fund from which the person has taken more than one refund,
123.16 the person must repay all refunds to that fund. All refunds The repayment must be repaid
123.17 made within six months of the last ~~date of termination~~ day of public service employment.
123.18 A person may have service credits, rights, and benefits restored under this paragraph once.

123.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

123.20 Sec. 12. Minnesota Statutes 2016, section 353.37, subdivision 1, is amended to read:

123.21 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for
123.22 an annuity from the general employees retirement plan of the Public Employees Retirement
123.23 Association, the public employees police and fire retirement plan, or the local government
123.24 correctional employees retirement plan must be suspended under subdivision 2 or reduced
123.25 under subdivision 3, whichever results in the higher annual annuity amount, ~~if~~ upon the
123.26 ~~person reenters public service as a nonelective~~ person's employment as a nonelected employee
123.27 of a governmental subdivision in a position not required by law to be a member of a plan
123.28 administered by the Minnesota State Retirement System, the Teachers Retirement
123.29 Association, or the St. Paul Teachers Retirement Fund Association, or returns to work as
123.30 an employee of a labor organization that represents public employees who are association
123.31 members under this chapter, and salary for the reemployment service exceeds the annual
123.32 maximum earnings allowable for that age for the continued receipt of full benefit amounts
123.33 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
123.34 the secretary of health and human services under United States Code, title 42, section 403,

124.1 in any calendar year. If the person has not yet reached the minimum age for the receipt of
 124.2 Social Security benefits, the maximum salary for the person is equal to the annual maximum
 124.3 earnings allowable for the minimum age for the receipt of Social Security benefits.

124.4 (b) The provisions of paragraph (a) do not apply to the members of the general employees
 124.5 plan of the Public Employees Retirement Association who were former members of MERF.

124.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

124.7 Sec. 13. Minnesota Statutes 2016, section 353.64, subdivision 10, is amended to read:

124.8 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and**
 124.9 **emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a
 124.10 member of the public employees police and fire retirement plan under sections 353.63 to
 124.11 353.68 if the person is:

124.12 (1) certified as a paramedic or emergency medical technician by the state under section
 124.13 144E.28, subdivision 4;

124.14 (2) employed full time by Hennepin Healthcare System Inc., as:

124.15 (i) a paramedic~~or~~;

124.16 (ii) an emergency medical technician by Hennepin County; or

124.17 (iii) a supervisor or manager of paramedics or emergency medical technicians; and

124.18 (3) not eligible for coverage under the agreement signed between the state and the
 124.19 secretary of the federal Department of Health and Human Services making the provisions
 124.20 of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics
 124.21 and emergency medical technicians because the person's position is excluded after that date
 124.22 from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D),
 124.23 and section 355.07.

124.24 Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary
 124.25 of each full-time paramedic and emergency medical technician it employs as required by
 124.26 section 353.65, subdivision 2, shall make the employer contribution for each full-time
 124.27 paramedic and emergency medical technician it employs as required by section 353.65,
 124.28 subdivision 3, and shall meet the employer recording and reporting requirements in section
 124.29 353.65, subdivision 4.

124.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

125.1 Sec. 14. Minnesota Statutes 2016, section 353F.02, subdivision 5a, is amended to read:

125.2 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"
125.3 means a medical facility that was ~~formerly~~ included in the definition of governmental
125.4 subdivision under section 353.01, subdivision 6, on the day before the effective date of
125.5 privatization, that is privatized and whose employees are certified for participation under
125.6 this chapter.

125.7 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
125.8 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

125.9 Sec. 15. Minnesota Statutes 2016, section 353F.025, subdivision 2, is amended to read:

125.10 Subd. 2. **Reporting privatizations.** (a) If the actuarial calculations under subdivision
125.11 1, paragraph (c), indicate privatization can be approved because a net gain to the general
125.12 employees retirement plan of the Public Employees Retirement Association is expected, or
125.13 if paragraph (b) applies, the executive director shall, following acceptance of the actuarial
125.14 calculations by the board of trustees, forward notice and supporting documentation, including
125.15 a copy of the actuary's report and findings, to the chair and the executive director of the
125.16 Legislative Commission on Pensions and Retirement and the chairs and the ranking minority
125.17 members of the committees with jurisdiction over governmental operations in the house of
125.18 representatives and senate.

125.19 (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive
125.20 director shall recommend to the board of trustees that the privatization be approved if the
125.21 chief clerical officer of the applicable governmental subdivision submits a resolution from
125.22 the governing body specifying that a lump sum payment will be made to the Public
125.23 Employees Retirement Association equal to the net loss, plus interest. The interest must be
125.24 computed using the applicable ultimate preretirement interest rate assumption under section
125.25 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation
125.26 from which the actuarial accrued liability data was used to determine the net loss in the
125.27 actuarial study under subdivision 1, to the date of payment, with annual compounding.
125.28 Payment must be made on or after the effective date of privatization.

125.29 (c) The Public Employees Retirement Association must maintain a list that includes the
125.30 names of all privatized former public employers in the association's comprehensive annual
125.31 financial report and on the association's Web site. ~~Annually by March 1, the association~~
125.32 ~~must submit to the executive director of the Legislative Commission on Pensions and~~
125.33 ~~Retirement the names of any privatized former public employers approved since the~~
125.34 ~~publication of the previous fiscal year's comprehensive annual financial report.~~

126.1 Sec. 16. Minnesota Statutes 2016, section 353F.04, subdivision 2, is amended to read:

126.2 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do
126.3 not apply to a privatized former public employee:

126.4 (1) beginning the first of the month in which the privatized former public employee
126.5 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,
126.6 if the employee accrues at least six months of credited service in any single plan enumerated
126.7 in section 356.30, subdivision 3, except clause (6);

126.8 (2) beginning the first of the month in which the privatized former public employee
126.9 becomes covered again by the general employees retirement plan of the Public Employees
126.10 Retirement Association;

126.11 (3) beginning the first of the month after a privatized former public employee terminates
126.12 service with the ~~successor entity~~ privatized former public employer; or

126.13 (4) if the person begins receipt of a retirement annuity while employed by the employer
126.14 which assumed operations of or purchased the privatized former public employer.

126.15 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
126.16 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

126.17 Sec. 17. Minnesota Statutes 2016, section 353F.05, is amended to read:

126.18 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**
126.19 **EARLY RETIREMENT PURPOSES.**

126.20 (a) For the purpose of determining eligibility for early retirement benefits provided under
126.21 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year
126.22 before the year in which the privatization occurred, and notwithstanding any provision of
126.23 chapter 353, to the contrary, the years of allowable service for a privatized former public
126.24 employee who transfers employment on the effective date of privatization and does not
126.25 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of
126.26 Minnesota Statutes published in the year before the year in which the privatization occurred,
126.27 or any similar provision, includes service with the ~~successor employer to the~~ privatized
126.28 former public employer following the effective date. The ~~successor~~ privatized former public
126.29 employer shall provide any reports that the executive director of the Public Employees
126.30 Retirement Association may reasonably request to permit calculation of benefits.

126.31 (b) To be eligible for early retirement benefits under this section, the individual must
126.32 separate from service with the ~~successor to the~~ privatized former public employer. The

127.1 privatized former public employee, or an individual authorized to act on behalf of that
127.2 employee, may apply for an annuity following application procedures under section 353.29,
127.3 subdivision 4.

127.4 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
127.5 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

127.6 Sec. 18. Minnesota Statutes 2016, section 353F.057, is amended to read:

127.7 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

127.8 Upon termination of service from the privatized former public employer ~~or any successor~~
127.9 ~~entity~~ after the effective date of privatization, a privatized former public employee must
127.10 separate from any employment relationship with the privatized former public employer ~~or~~
127.11 ~~any successor entity~~ for at least 30 days to qualify to receive a retirement annuity under this
127.12 chapter.

127.13 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
127.14 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

127.15 Sec. 19. Minnesota Statutes 2016, section 353F.06, is amended to read:

127.16 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**
127.17 **LIMITATIONS.**

127.18 If a privatized former public employee satisfies the separation from service requirement
127.19 in section 353F.057 and thereafter resumes employment with the privatized former public
127.20 employer ~~or any successor entity~~ or a governmental subdivision under section 353.01,
127.21 subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply.

127.22 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
127.23 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

127.24 Sec. 20. Minnesota Statutes 2016, section 353F.07, is amended to read:

127.25 **353F.07 EFFECT ON REFUND.**

127.26 Notwithstanding any provision of chapter 353 to the contrary, privatized former public
127.27 employees may receive a refund of employee accumulated contributions plus interest as
127.28 provided in section 353.34, subdivision 2, at any time after the transfer of employment to
127.29 ~~the successor employer of the~~ privatized former public employer. If a privatized former
127.30 public employee has received a refund from a pension plan listed in section 356.30,

128.1 subdivision 3, the person may not repay that refund unless the person again becomes a
 128.2 member of one of those listed plans and complies with section 356.30, subdivision 2.

128.3 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
 128.4 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

128.5 Sec. 21. **[353F.09] APPLICATION TO SALES OF PRIVATIZED FORMER PUBLIC**
 128.6 **EMPLOYERS.**

128.7 A medical facility or other employing unit shall cease to be a privatized former public
 128.8 employer and its employees shall cease to be considered privatized former public employees
 128.9 under this chapter upon the sale of the operations of the medical facility or employing unit
 128.10 to another employer or the sale of the medical facility or employing unit to another employer.
 128.11 The privatized former public employees shall be entitled to benefits accrued under this
 128.12 chapter to the date of the sale, but shall not accrue additional benefits after the date of the
 128.13 sale.

128.14 **EFFECTIVE DATE.** The section is effective for privatizations with an effective date
 128.15 of privatization under section 353F.02, subdivision 3, after June 30, 2017, and for sales of
 128.16 privatized former public employers after June 30, 2017.

128.17 Sec. 22. **REPEALER.**

128.18 Minnesota Statutes 2016, section 353.0161, is repealed.

128.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

128.20 **ARTICLE 11**

128.21 **TEACHERS RETIREMENT ASSOCIATION** 128.22 **ADMINISTRATIVE PROVISIONS**

128.23 Section 1. Minnesota Statutes 2016, section 354.05, subdivision 2, is amended to read:

128.24 Subd. 2. **Teacher.** (a) "Teacher" means:

128.25 (1) a person who renders service as a teacher, supervisor, principal, superintendent,
 128.26 librarian, nurse, counselor, social worker, therapist, or psychologist in:

128.27 (i) a public school of the state other than in Independent School District No. 625 ~~or in~~
 128.28 ~~Independent School District No. 709, or in any;~~

128.29 (ii) a charter school, ~~irrespective of the location of the school, or in any;~~

129.1 ~~(iii)~~ a charitable, penal, or correctional ~~institutions~~ institution of a governmental
 129.2 subdivision;² or

129.3 (iv) the Perpich Center for Arts Education, except that any employee of the Perpich
 129.4 Center for Arts Education who was covered by the Minnesota State Retirement System
 129.5 general state employees retirement plan as of July 1, 2016, shall continue to be covered by
 129.6 that plan and not by the Teachers Retirement Association;

129.7 (2) a person who is engaged in educational administration in connection with the state
 129.8 public school system, whether the position be a public office or ~~an~~ as employment;

129.9 (3) a person who renders service as a charter school director or chief administrative
 129.10 officer; provided, however, that if the charter school director or chief administrative officer
 129.11 is covered by the Public Employees Retirement Association general employees retirement
 129.12 plan on July 1, 2017, the charter school director or chief administrative officer shall continue
 129.13 to be covered by that plan and not by the Teachers Retirement Association;

129.14 ~~(2)~~ (4) an employee of the Teachers Retirement Association;

129.15 ~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also renders
 129.16 other services for a single employing unit where the teaching service comprises at least 50
 129.17 percent of the combined employment salary is a member of the association for all services
 129.18 with the single employing unit or, if less than 50 percent of the combined employment
 129.19 salary, the executive director determines all of the combined service is covered by the
 129.20 association; or

129.21 ~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D, 354A,
 129.22 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges
 129.23 and Universities system in an unclassified position as:

129.24 (i) a president, vice-president, or dean;

129.25 (ii) a manager or a professional in an academic or an academic support program other
 129.26 than specified in item (i);

129.27 (iii) an administrative or a service support faculty position; or

129.28 (iv) a teacher or a research assistant.

129.29 (b) "Teacher" does not mean:

129.30 (1) a person who works for a school or institution as an independent contractor as defined
 129.31 by the Internal Revenue Service;

130.1 ~~(2) a person who renders part-time teaching service or who is a customized trainer as~~
 130.2 ~~defined by the Minnesota State Colleges and Universities system if (i) the service is incidental~~
 130.3 ~~to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually~~
 130.4 ~~in advance that the part-time teaching service or customized training service will not exceed~~
 130.5 ~~300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time~~
 130.6 ~~teaching service or customized training service actually does not exceed 300 hours in a~~
 130.7 ~~fiscal year;~~

130.8 ~~(3) a person exempt from licensure under section 122A.30;~~

130.9 ~~(4) (2)~~ annuitants of the teachers retirement plan who are employed after retirement by
 130.10 an employing unit that participates in the teachers retirement plan during the course of that
 130.11 reemployment;

130.12 ~~(5) (3)~~ a person who is employed by the University of Minnesota;

130.13 ~~(6) (4)~~ a member or an officer of any general governing or managing board or body of
 130.14 an employing unit that participates in the teachers retirement plan; or

130.15 ~~(7) (5)~~ a person employed by Independent School District No. 625 ~~or Independent School~~
 130.16 ~~District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

130.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

130.18 Sec. 2. Minnesota Statutes 2016, section 354.05, is amended by adding a subdivision to
 130.19 read:

130.20 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a spouse
 130.21 of a member due to dissolution of the marriage, legal separation, or annulment.

130.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

130.23 Sec. 3. Minnesota Statutes 2016, section 354.06, subdivision 2, is amended to read:

130.24 Subd. 2. **President; executive director.** The board shall annually elect one of its members
 130.25 as president. It shall elect an executive director. Notwithstanding any law to the contrary,
 130.26 the board must set the salary of the executive director. The salary of the executive director
 130.27 must not exceed the limit for a position listed in section 15A.0815, subdivision 2. ~~The salary~~
 130.28 ~~of the assistant executive director who shall be in the unclassified service, shall be set in~~
 130.29 ~~accordance with section 43A.18, subdivision 3.~~ The executive director shall serve during
 130.30 the pleasure of the board and be the executive officer of the board, with such duties as the
 130.31 board shall prescribe. The board shall employ all other clerks and employees necessary to

131.1 properly administer the association. The cost and expense of administering the provisions
131.2 of this chapter shall be paid by the association. The board shall appoint an executive director
131.3 ~~shall be appointed by the board~~ on the basis of fitness education, experience in the retirement
131.4 ~~field and leadership~~, ability to manage and lead system staff, and ability to assist the board
131.5 in setting a vision for the system. The executive director shall have had at least five years
131.6 of experience on the administrative staff of a major retirement system.

131.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

131.8 Sec. 4. Minnesota Statutes 2016, section 354.06, subdivision 2a, is amended to read:

131.9 Subd. 2a. **Duties of executive director.** The management of the association is vested
131.10 in the executive director who shall be the executive and administrative head of the
131.11 association. The executive director shall act as advisor to the board on all matters pertaining
131.12 to the association and shall also act as the secretary of the board. The executive director
131.13 shall:

131.14 (1) attend all meetings of the board;

131.15 (2) prepare and recommend to the board appropriate rules to carry out the provisions of
131.16 this chapter;

131.17 (3) establish and maintain an adequate system of records and accounts following
131.18 recognized accounting principles and controls;

131.19 (4) designate, as necessary, a deputy executive director and an assistant executive director
131.20 in the unclassified service, as defined in section 43A.08, whose salaries shall be set in
131.21 accordance with section 43A.18, subdivision 3, and two assistant executive directors in the
131.22 classified service, as defined in section 43A.07, with the approval of the board, and appoint
131.23 such employees, both permanent and temporary, as are necessary to carry out the provisions
131.24 of this chapter;

131.25 (5) organize the work of the association as the director deems necessary to fulfill the
131.26 functions of the association, and define the duties of its employees and delegate to them
131.27 any powers or duties, subject to the director's control and under such conditions as the
131.28 director may prescribe;

131.29 (6) with the approval of the board, contract and set the compensation for the services of
131.30 an approved actuary, professional management services, and any other consulting services.
131.31 These contracts are not subject to the competitive bidding procedure prescribed by chapter
131.32 16C. An approved actuary retained by the executive director shall function as the actuarial
131.33 advisor of the board and the executive director and may perform actuarial valuations and

132.1 experience studies to supplement those performed by the actuary retained under section
132.2 356.214. Any supplemental actuarial valuations or experience studies shall be filed with
132.3 the executive director of the Legislative Commission on Pensions and Retirement. Copies
132.4 of professional management survey reports must be transmitted to the secretary of the senate,
132.5 the chief clerk of the house of representatives, and the Legislative Reference Library as
132.6 provided by section 3.195, and to the executive director of the commission at the same time
132.7 as reports are furnished to the board. Only management firms experienced in conducting
132.8 management surveys of federal, state, or local public retirement systems are qualified to
132.9 contract with the executive director;

132.10 (7) with the approval of the board, provide in-service training for the employees of the
132.11 association;

132.12 (8) make refunds of accumulated contributions to former members and to the designated
132.13 beneficiary, surviving spouse, legal representative, or next of kin of deceased members or
132.14 deceased former members, under this chapter;

132.15 (9) determine the amount of the annuities and disability benefits of members covered
132.16 by the association and authorize payment of the annuities and benefits beginning as of the
132.17 dates on which the annuities and benefits begin to accrue, under this chapter;

132.18 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses
132.19 of the association;

132.20 (11) prepare and submit to the board and the legislature an annual financial report
132.21 covering the operation of the association, as required by section 356.20;

132.22 (12) certify funds available for investment to the State Board of Investment;

132.23 (13) with the advice and approval of the board, request the State Board of Investment
132.24 to sell securities on determining that funds are needed for the purposes of the association;

132.25 (14) prepare and submit biennial and annual budgets to the board and with the approval
132.26 of the board submit those budgets to the Department of Management and Budget; and

132.27 (15) with the approval of the board, perform such other duties as may be required for
132.28 the administration of the association and the other provisions of this chapter and for the
132.29 transaction of its business. The executive director may:

132.30 (i) reduce all or part of the accrued interest and fines payable by an employing unit for
132.31 reporting requirements under ~~section 354.52~~ chapter 354, based on an evaluation of any
132.32 extenuating circumstances of the employing unit;

133.1 (ii) assign association employees to conduct field audits of an employing unit to ensure
133.2 compliance with the provisions of this chapter; and

133.3 (iii) recover overpayments, if not repaid to the association, by suspending or reducing
133.4 the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional
133.5 annuity under this chapter until the overpayment, plus interest, has been recovered.

133.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

133.7 Sec. 5. Minnesota Statutes 2016, section 354.095, is amended to read:

133.8 **354.095 MEDICAL LEAVE.**

133.9 (a) Upon granting a medical leave, an employing unit must certify the leave to the
133.10 association on a form specified by the executive director. A member of the association who
133.11 is on an authorized medical leave of absence is entitled to receive allowable service credit,
133.12 not to exceed ~~one year~~ five years, for the period of leave, upon making the prescribed
133.13 payment to the fund under section 354.72. A member may not receive more than one year
133.14 of allowable service credit during any fiscal year by making payment under this section. A
133.15 member may not receive disability benefits under section 354.48 and receive allowable
133.16 service credit under this section for the same period of time.

133.17 (b) The executive director shall reject an application for disability benefits under section
133.18 354.48 if the member is applying only because an employer-sponsored provider of private
133.19 disability insurance benefits requires such an application and the member would not have
133.20 applied for disability benefits in the absence of such requirement. The member shall submit
133.21 a copy of the disability insurance policy that requires an application for disability benefits
133.22 from the plan if the member wishes to assert that the application is only being submitted
133.23 because of the disability insurance policy requirement.

133.24 (c) Notwithstanding the provisions of any agreement to the contrary, employee and
133.25 employer contributions may not be made to receive allowable service credit under this
133.26 section if the member does not retain the right to full reinstatement both during and at the
133.27 end of the medical leave.

133.28 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective July 1, 2018. Paragraph (b)
133.29 is effective retroactively from July 1, 2016.

133.30 Sec. 6. Minnesota Statutes 2016, section 354.44, subdivision 3, is amended to read:

133.31 Subd. 3. **Application for retirement.** A member or a person authorized to act on behalf
133.32 of the member may make application for retirement provided the age and service

134.1 requirements under subdivision 1 are satisfied on or before the member's retirement annuity
134.2 accrual date under subdivision 4. The application may be made no earlier than ~~120~~ 180 days
134.3 before the termination of teaching service. The application must be made on a form prescribed
134.4 by the executive director and is not complete until all necessary supporting documents are
134.5 received by the executive director.

134.6 **EFFECTIVE DATE.** This section is effective July 1, 2018.

134.7 Sec. 7. Minnesota Statutes 2016, section 354.44, subdivision 9, is amended to read:

134.8 Subd. 9. **Determining applicable law.** A former teacher who returns to covered service
134.9 following a termination and who is not receiving a retirement annuity under this section
134.10 must have earned at least ~~85 days~~ one-half year of credited service following the return to
134.11 covered service to be eligible for improved benefits resulting from any law change enacted
134.12 subsequent to that termination.

134.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

134.14 Sec. 8. Minnesota Statutes 2016, section 354.45, is amended by adding a subdivision to
134.15 read:

134.16 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former spouse
134.17 to whom payments are to be made before the end of the specified payment period, payments
134.18 shall be made according to the terms of a beneficiary form completed by the former spouse
134.19 or, if no beneficiary form, to the estate of the former spouse or as otherwise ordered by a
134.20 court of competent jurisdiction.

134.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

134.22 Sec. 9. Minnesota Statutes 2016, section 354.46, subdivision 6, is amended to read:

134.23 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits under
134.24 this section must be in writing on a form prescribed by the executive director.

134.25 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable
134.26 under this section.

134.27 (c) Unless otherwise specified, the annuity must be computed under section 354.44,
134.28 subdivision 2 or 6, whichever is applicable.

134.29 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision may
134.30 apply for an annuity any time after the member's death. The benefit may not begin to accrue

135.1 more than six months before the date the application is filed with the executive director and
135.2 may not accrue before the member's death.

135.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

135.4 Sec. 10. Minnesota Statutes 2016, section 354.48, subdivision 1, is amended to read:

135.5 Subdivision 1. **Age, service and salary requirements.** A member who is totally and
135.6 permanently disabled, who has not reached the normal retirement age as defined in section
135.7 354.05, subdivision 38, and who has at least three years of credited allowable service at the
135.8 time that the total and permanent disability begins is entitled to a disability benefit based
135.9 on this allowable service in an amount provided in subdivision 3. If the disabled member's
135.10 teaching service has terminated at any time, at least two of the required three years of
135.11 allowable service must have been rendered after last becoming a member. ~~Any member~~
135.12 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

135.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

135.14 Sec. 11. Minnesota Statutes 2016, section 354.512, is amended to read:

135.15 **354.512 RECOVERY OF DEFICIENCIES.**

135.16 In addition to any other remedies permitted under law, if an employing unit or other
135.17 entity required by law to make any form of payment to the Teachers Retirement Association
135.18 fails to make full payment ~~within 60 days of notification,~~ the executive director is authorized
135.19 to certify the amount of deficiency to the commissioner of management and budget, who
135.20 shall deduct the amount from any state aid or appropriation applicable to the employing
135.21 unit or entity, and transmit the withheld aid or appropriation to the executive director for
135.22 deposit in the fund.

135.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

135.24 Sec. 12. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

135.25 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
135.26 due to the association and furnish a statement indicating the amount due and transmitted
135.27 with any other information required by the executive director. If an amount due is not
135.28 received by the association within 14 calendar days of the payroll warrant, the amount
135.29 accrues interest at an annual rate of 8.5 percent compounded annually from the due date
135.30 until the amount is received by the association. All amounts due and other employer
135.31 obligations not remitted ~~within 60 days of notification by the association must~~ may be

136.1 certified to the commissioner of management and budget who shall deduct the amount from
136.2 any state aid or appropriation amount applicable to the employing unit.

136.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

136.4 Sec. 13. Minnesota Statutes 2016, section 354.52, subdivision 4d, is amended to read:

136.5 Subd. 4d. **Annual base salary reporting.** An employing unit must provide ~~the following~~
136.6 annual base salary data, as defined in section 354.05, subdivision 41, to the association on
136.7 or before June 30 of each fiscal year: ~~(1) annual base salary, as defined in section 354.05,~~
136.8 ~~subdivision 41; and,~~

136.9 ~~(2) beginning and ending dates for the regular school work year.~~

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

136.11 Sec. 14. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

136.12 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
136.13 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
136.14 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
136.15 retirement.

136.16 (b) The amount of the deferred retirement annuity is determined by section 354.44,
136.17 subdivision 6, and augmented as provided in this subdivision. The required reserves for the
136.18 annuity which had accrued when the member ceased to render teaching service must be
136.19 augmented, as further specified in this subdivision, by the applicable interest rate compounded
136.20 annually from the first day of the month following the month during which the member
136.21 ceased to render teaching service to the effective date of retirement.

136.22 (c) No augmentation is not creditable if the deferral period is less than three months or
136.23 if deferral commenced before July 1, 1971.

136.24 (d) For persons who became covered employees before July 1, 2006, with a deferral
136.25 period commencing after June 30, 1971, the annuity must be augmented as follows:

136.26 (1) five percent interest compounded annually until January 1, 1981;

136.27 (2) three percent interest compounded annually from January 1, 1981, until January 1
136.28 of the year following the year in which the deferred annuitant attains age 55;

136.29 (3) five percent interest compounded annually from the date established in clause (2) to
136.30 the effective date of retirement or until June 30, 2012, whichever is earlier; and

137.1 (4) two percent interest compounded annually after June 30, 2012.

137.2 (e) For persons who become covered employees after June 30, 2006, the interest rate
137.3 used to augment the deferred annuity is 2.5 percent interest compounded annually until June
137.4 30, 2012, or until the effective date of retirement, whichever is earlier, and two percent
137.5 interest compounded annually after June 30, 2012.

137.6 ~~(f) If a person has more than one period of uninterrupted service, a separate average~~
137.7 ~~salary determined under section 354.44, subdivision 6, must be used for each period and~~
137.8 ~~the required reserves related to each period must be augmented as specified in this~~
137.9 ~~subdivision. The sum of the augmented required reserves is the present value of the annuity.~~
137.10 ~~For the purposes of this subdivision, "period of uninterrupted service" means a period of~~
137.11 ~~covered teaching service during which the member has not been separated from active~~
137.12 ~~service for more than one fiscal year.~~

137.13 ~~(g)~~ (f) If a person repays a refund, the service restored by the repayment must be
137.14 considered as continuous with the next period of service for which the person has allowable
137.15 service credit in the Teachers Retirement Association.

137.16 ~~(h)~~ (g) If a person does not render teaching service in any one fiscal year or more
137.17 consecutive fiscal years and then resumes teaching service, the formula percentages used
137.18 from the date of the resumption of teaching service must be those applicable to new members.

137.19 ~~(i)~~ (h) The mortality table and interest rate actuarial assumption used to compute the
137.20 annuity must be the applicable mortality table established by the board under section 354.07,
137.21 subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect
137.22 when the member retires.

137.23 ~~(j)~~ (i) In no case may the annuity payable under this subdivision be less than the amount
137.24 of annuity payable under section 354.44, subdivision 6.

137.25 ~~(k)~~ (j) The requirements and provisions for retirement before normal retirement age
137.26 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
137.27 requirements with a combination of service as provided in section 354.60.

137.28 ~~(l)~~ (k) The augmentation provided by this subdivision applies to the benefit provided in
137.29 section 354.46, subdivision 2.

137.30 ~~(m)~~ (l) The augmentation provided by this subdivision does not apply to any period in
137.31 which a person is on an approved leave of absence from an employer unit covered by the
137.32 provisions of this chapter.

138.1 ~~(n)~~ (m) The retirement annuity or disability benefit of, or the survivor benefit payable
138.2 on behalf of, a former teacher who terminated service before July 1, 1997, which is not first
138.3 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
138.4 reflect the change in the postretirement interest rate actuarial assumption under section
138.5 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
138.6 tables adopted by the board as recommended by an approved actuary and approved by the
138.7 actuary retained under section 356.214.

138.8 **EFFECTIVE DATE.** This section is effective July 1, 2018.

138.9 Sec. 15. Minnesota Statutes 2016, section 354.66, subdivision 2, is amended to read:

138.10 Subd. 2. **Qualified part-time teacher program participation requirements.** (a) A
138.11 teacher in a Minnesota public elementary school, a Minnesota secondary school, or the
138.12 Minnesota State Colleges and Universities system who has three years or more of allowable
138.13 service in the association or three years or more of full-time teaching service in Minnesota
138.14 public elementary schools, Minnesota secondary schools, or the Minnesota State Colleges
138.15 and Universities system, by agreement with the board of the employing district or with the
138.16 authorized representative of the board, may be assigned to teaching service in a part-time
138.17 teaching position under subdivision 3. The agreement must be executed before October 1
138.18 of the school year for which the teacher ~~requests to make retirement contributions under~~
138.19 ~~subdivision 4~~ has been assigned to teaching service in a part-time teaching position under
138.20 this section. A copy of the executed agreement must be filed with the executive director of
138.21 the association. If the copy of the executed agreement is filed with the association after
138.22 October 1 of the school year for which the teacher ~~requests to make retirement contributions~~
138.23 ~~under subdivision 4~~ has been assigned to teaching service in a part-time teaching position,
138.24 the employing unit shall pay the fine specified in section 354.52, subdivision 6, for each
138.25 calendar day that elapsed since the October 1 due date, unless the association waives the
138.26 fine. The association may not accept an executed agreement that is received by the association
138.27 more than 15 months late. ~~The association may not waive the fine required by this section.~~

138.28 (b) Notwithstanding paragraph (a), if the teacher is also a legislator:

138.29 (1) the agreement in paragraph (a) must be executed before March 1 of the school year
138.30 for which the teacher requests to make retirement contributions under subdivision 4; and

138.31 (2) the fines specified in paragraph (a) apply if the employing unit does not file the
138.32 executed agreement with the executive director of the association by March 1.

138.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

139.1 Sec. 16. Minnesota Statutes 2016, section 354.72, subdivision 1, is amended to read:

139.2 Subdivision 1. **Application.** This section applies to any strike period under section
 139.3 354.05, subdivision 13, clause (6), and to any period of authorized leave of absence ~~without~~
 139.4 ~~pay~~ under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains
 139.5 credit for allowable service by making payment as specified in this section to the Teachers
 139.6 Retirement Association fund. Each year of an extended leave of absence under section
 139.7 354.094 is considered to be a separate leave for purposes of this section.

139.8 Sec. 17. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

139.9 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
 139.10 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
 139.11 that is not distributed for any reason to a municipality must be distributed by the
 139.12 commissioner of revenue according to this paragraph. The commissioner shall distribute
 139.13 60 percent of the amounts derived under this paragraph to the Teachers Retirement
 139.14 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
 139.15 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
 139.16 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association ~~or~~
 139.17 ~~the Duluth Teachers Retirement Fund Association~~ becomes fully funded, the association's
 139.18 eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance
 139.19 account at the end of the biennium if aid eligibility ceases cancel to the general fund.

139.20 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 139.21 Independent School District No. 625, St. Paul, must make an additional contribution of
 139.22 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

139.23 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization
 139.24 aid under subdivision 1 that is not distributed for any reason to a municipality must be
 139.25 distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to
 139.26 support a minimum fire state aid amount for volunteer firefighter relief associations.

139.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

139.28 ARTICLE 12

139.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION 139.30 ADMINISTRATIVE PROVISIONS

139.31 Section 1. Minnesota Statutes 2016, section 354A.093, subdivision 4, is amended to read:

140.1 Subd. 4. **Eligible payment period.** (a) To receive service credit under this section, the
 140.2 contributions specified in this section must be transmitted to the ~~applicable first class city~~
 140.3 St. Paul Teachers Retirement Fund Association during the period which begins with the
 140.4 date the individual returns to teaching service and which has a duration of three times the
 140.5 length of the uniformed service period, but not to exceed five years.

140.6 (b) Notwithstanding paragraph (a), if the payment period determined under paragraph
 140.7 (a) is less than one year, the contributions required under this section to receive service
 140.8 credit may be made within one year from the discharge date.

140.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

140.10 Sec. 2. Minnesota Statutes 2016, section 354A.38, is amended to read:

140.11 **354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.**

140.12 Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated member
 140.13 or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant to section
 140.14 354A.37, all allowable service which was credited to the member or former member shall
 140.15 be terminated.

140.16 Subd. 2. **Repayment of refund.** A coordinated member with at least two years of
 140.17 allowable service credited subsequent to the member's last application for and ~~acceptance~~
 140.18 payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The
 140.19 amount of the refund repayment shall be calculated pursuant to subdivision 3. If the member
 140.20 has ~~previously applied for and accepted~~ taken more than one refund, and the ~~previous refund~~
 140.21 ~~or all~~ refunds have not been must be repaid, then the member shall be entitled only to repay
 140.22 ~~all outstanding refunds and shall not be entitled to repay only the most recent refund~~ pro
 140.23 rata.

140.24 Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects
 140.25 to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal
 140.26 to the ~~the~~ refunds the member has ~~accepted~~ been issued plus interest ~~at the rate of 8.5 percent~~
 140.27 ~~until June 30, 2015, and eight percent thereafter~~ compounded annually from the date that
 140.28 the refund was ~~accepted~~ issued to the date that the refund is repaid at a rate of 8.5 percent
 140.29 for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.

140.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

141.1

ARTICLE 13

141.2

**RETIREMENT SYSTEMS, GENERALLY
ADMINISTRATIVE PROVISIONS**

141.3

141.4 Section 1. Minnesota Statutes 2016, section 356.32, subdivision 2, is amended to read:

141.5 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following
141.6 retirement plans:

141.7 (1) the general state employees retirement plan of the Minnesota State Retirement System,
141.8 established under chapter 352;

141.9 (2) the correctional state employees retirement plan of the Minnesota State Retirement
141.10 System, established under chapter 352;

141.11 (3) the State Patrol retirement plan, established under chapter 352B;

141.12 (4) the general employees retirement plan of the Public Employees Retirement
141.13 Association, established under chapter 353;

141.14 (5) the public employees police and fire plan of the Public Employees Retirement
141.15 Association, established under chapter 353;

141.16 (6) the local government correctional service retirement plan of the Public Employees
141.17 Retirement Association, established under chapter 353E;

141.18 (7) the Teachers Retirement Association, established under chapter 354; and

141.19 ~~(7)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter
141.20 354A.

141.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

141.22 Sec. 2. Minnesota Statutes 2016, section 356.47, subdivision 3, is amended to read:

141.23 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period
141.24 ends relating to the reemployment that gave rise to the limitation, and the filing of a written
141.25 application, the retired member is entitled to the payment, in a lump sum, of the value of
141.26 the person's amount under subdivision 2, plus annual compound interest. For the general
141.27 state employees retirement plan, the correctional state employees retirement plan, the general
141.28 employees retirement plan of the Public Employees Retirement Association, the public
141.29 employees police and fire retirement plan, the local government correctional employees
141.30 retirement plan, and the teachers retirement plan, the annual interest rate is six percent from
141.31 the date on which the amount was deducted from the retirement annuity to the date of

142.1 payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011.
142.2 For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six
142.3 percent from the date that the amount was deducted from the retirement annuity to the date
142.4 of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June
142.5 30, 2011.

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

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

142.12 (d) If the amount under subdivision 2 is an eligible rollover distribution as defined in
142.13 section 356.635, subdivisions 4 and 5, the applicable retirement plan shall provide notice
142.14 and an election:

142.15 (1) to the member regarding the member's right to elect a direct rollover under section
142.16 356.635, subdivisions 3 to 7, in lieu of the a direct payment of the person's amount under
142.17 subdivision 2, on or after the payment date under paragraph (a), if the federal Internal
142.18 Revenue Code so permits, the retired member may elect to have all or any portion of the
142.19 payment amount under this section paid in the form of a direct rollover to an eligible
142.20 retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is
142.21 specified by the retired member. If the retired member dies with a balance remaining payable
142.22 under this section, the surviving spouse of the retired member, or if none, the deceased
142.23 person's designated beneficiary, or if none, the administrator of the deceased person's estate
142.24 may elect a direct rollover under this paragraph.; or

142.25 (2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee
142.26 as defined in section 356.635, subdivision 7, to the distributee regarding the distributee's
142.27 right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of a direct
142.28 payment.

142.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

142.30 Sec. 3. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
142.31 read:

142.32 **Subd. 9a. Definitions.** (a) The following definitions apply for purposes of this subdivision
142.33 and subdivisions 10 to 12.

143.1 (b) "Annual addition" means the sum for the limitation year of all pretax and after-tax
143.2 contributions made by the member or the member's employer and credited to an account in
143.3 the name of the member in any defined contribution plan maintained by the employer.

143.4 (c) "Compensation" means the compensation actually paid or made available to a member
143.5 for any limitation year, including all items of remuneration described in Code of Federal
143.6 Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described
143.7 in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension
143.8 plan purposes for any limitation year shall not exceed the applicable federal compensation
143.9 limit described in section 356.611, subdivision 2.

143.10 (d) "Limitation year" means the calendar year or fiscal year, whichever is applicable to
143.11 the particular pension plan.

143.12 (e) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically
143.13 adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending
143.14 after December 31, 2001, payable in the form of a single life annuity. The new limitation
143.15 shall apply to limitation years ending with or within the calendar year of the date of the
143.16 adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of
143.17 that calendar year. The maximum permissible benefit amount shall be further adjusted as
143.18 follows:

143.19 (1) if the member has less than ten years of participation, the maximum permissible
143.20 benefit shall be multiplied by a fraction, the numerator of which is the number of years (or
143.21 part thereof, but not less than one year) of participation in the plan, and the denominator of
143.22 which is ten;

143.23 (2) if the annual benefit begins before the member has attained age 62, the determination
143.24 as to whether the maximum permissible benefit limit has been satisfied shall be made, in
143.25 accordance with regulations prescribed by the United States secretary of the treasury, by
143.26 reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when
143.27 the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual
143.28 benefit beginning at age 62; and

143.29 (3) if the annual benefit begins after the member has attained age 65, the determination
143.30 as to whether the maximum permissible benefit limit has been satisfied shall be made, in
143.31 accordance with regulations prescribed by the United States secretary of the treasury, by
143.32 increasing the limit so that the limit, as so increased, equals an annual benefit, beginning
143.33 when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted,
143.34 annual benefit beginning at age 65.

144.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

144.2 Sec. 4. Minnesota Statutes 2016, section 356.635, subdivision 10, is amended to read:

144.3 Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit
144.4 payable to a member shall not exceed the maximum permissible benefit. If the benefit the
144.5 member would otherwise receive for a limitation year would result in the payment of an
144.6 annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced
144.7 to the extent necessary so the benefit does not exceed the maximum permissible benefit.

144.8 (b) For purposes of applying the ~~limits of section 415(b) of the Internal Revenue Code,~~
144.9 ~~a retirement~~ limitation in paragraph (a), an annual benefit that is payable in any form other
144.10 than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue
144.11 ~~Code must~~ shall be adjusted to an actuarially equivalent single life annuity that equals, if
144.12 the annuity starting date is in a plan year beginning after 2005, the annual amount of the
144.13 single life annuity commencing at the same annuity starting date that has the same actuarial
144.14 present value as the participant's member's form of benefit, using whichever of the following
144.15 produces the greatest annual amount:

144.16 (1) the interest rate and the mortality table or other tabular factor specified in the plan
144.17 for adjusting benefits in the same form;

144.18 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

144.19 (3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and
144.20 the applicable mortality table, divided by 1.05.

144.21 (c) If a member participated in more than one pension plan in which the employer
144.22 participates, the benefits under each plan must be reduced proportionately to satisfy the
144.23 limitation in paragraph (a).

144.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

144.25 Sec. 5. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
144.26 read:

144.27 Subd. 11. **Annual addition limitation; defined contribution plans.** The annual additions
144.28 by or on behalf of a member to a defined contribution plan for any limitation year shall not
144.29 exceed the lesser of (1) 100 percent of the member's compensation for the limitation year
144.30 or (2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the
144.31 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
144.32 section 415(d)(1)(C) of the Internal Revenue Code.

145.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

145.2 Sec. 6. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
145.3 read:

145.4 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c) of
145.5 the Internal Revenue Code and related regulations and agency guidance not addressed by
145.6 subdivisions 10 and 11 shall be considered incorporated by reference, including provisions
145.7 applicable to qualified police and firefighters and to survivor and disability benefits.
145.8 Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the requirements
145.9 of section 415(b) and (c) of the Internal Revenue Code and the related regulations.

145.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

145.11 Sec. 7. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
145.12 read:

145.13 Subd. 13. **Correction of errors.** The executive director of each plan may correct an
145.14 operational, demographic, employer eligibility, or plan document error as the executive
145.15 director deems necessary or appropriate to preserve and protect the plan's tax qualification
145.16 under section 401(a) of the Internal Revenue Code, including as provided in the Internal
145.17 Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any successor
145.18 thereto. To the extent deemed necessary by the executive director to implement correction,
145.19 the executive director may:

145.20 (1) make distributions;

145.21 (2) transfer assets; or

145.22 (3) recover an overpayment by reducing future benefit payments or designating
145.23 appropriate revenue or source of funding that will restore to the plan the amount of the
145.24 overpayment.

145.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

145.26 Sec. 8. Minnesota Statutes 2016, section 356.96, subdivision 1, is amended to read:

145.27 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a
145.28 different meaning is intended, for the purpose of this section, the terms in ~~paragraphs (b)~~
145.29 ~~to (e)~~ this subdivision have the meanings given them.

145.30 (b) ~~"Chief administrative officer"~~ "Executive director" means the executive director of
145.31 a covered pension plan or the executive director's designee or representative.

146.1 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2,
146.2 clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation plan
146.3 administered under sections 352.965 and 352.97 or to the postretirement health care savings
146.4 plan administered under section 352.98.

146.5 (d) "Governing board" means the Board of Trustees of the Public Employees Retirement
146.6 Association, the Board of Trustees of the Teachers Retirement Association, or the Board
146.7 of Directors of the Minnesota State Retirement System.

146.8 (e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive participant
146.9 in a covered pension plan or a beneficiary of a participant, or an individual who has applied
146.10 to be a participant or who is or may be a survivor of a participant, or the representative of
146.11 a state agency or other governmental unit that employs active participants in a covered
146.12 pension plan.

146.13 (f) "Petitioner" means a person who has filed a petition for review of an executive
146.14 director's determination under this section.

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

146.16 Sec. 9. Minnesota Statutes 2016, section 356.96, subdivision 2, is amended to read:

146.17 Subd. 2. **Right to ~~review~~ appeal to executive director; determination.** A ~~determination~~
146.18 ~~made by the chief administrative officer~~ person may appeal a decision by the staff of a
146.19 covered pension plan regarding a the person's eligibility, benefits, or other rights under the
146.20 plan with which the person does not agree to the executive director of the plan. The appeal
146.21 must be in writing and be delivered to the executive director. The executive director may
146.22 overturn, modify, or affirm the staff's decision. The executive director's determination is
146.23 subject to review under this section.

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

146.25 Sec. 10. Minnesota Statutes 2016, section 356.96, subdivision 3, is amended to read:

146.26 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer denies~~
146.27 ~~an application or a written request, modifies a benefit, or terminates a benefit of a person~~
146.28 ~~claiming a right or potential rights under a covered pension plan, the chief administrative~~
146.29 ~~officer shall notify that person through a written notice containing:~~ The executive director
146.30 shall issue a written notice of determination to the person who files an appeal under
146.31 subdivision 2. The notice of determination must be delivered by certified mail to the address
146.32 to which the most recent benefit payment was sent or, if that address is that of a financial

147.1 institution, to the last known address of the person. The notice of determination shall include
 147.2 the following:

147.3 (1) a statement of the reasons for the determination;

147.4 (2) a ~~notice~~ statement that the person may petition the governing board of the covered
 147.5 pension plan for a review of the determination and that a person's petition for review must
 147.6 be filed in the administrative office of the covered pension plan ~~within~~ no later than 60 days
 147.7 ~~of the receipt~~ after the date of the written notice of ~~the~~ determination;

147.8 (3) a statement indicating that a failure to petition for review within 60 days precludes
 147.9 the person from ~~contesting in any other~~ further administrative or judicial review ~~or court~~
 147.10 ~~procedure the issues determined by the chief administrative officer of the executive director's~~
 147.11 determination;

147.12 (4) a statement indicating that all relevant materials, documents, affidavits, and other
 147.13 records that the person wishes to be reviewed in support of the petition and a list of any
 147.14 witnesses who will testify before the governing board, along with a summary of their
 147.15 testimony, must be filed with and received in the administrative office of the covered pension
 147.16 plan at least 15 days before the date of the hearing under subdivision 10 or as directed by
 147.17 the administrative law judge who conducts a fact-finding conference under subdivision 7,
 147.18 paragraph (b), or a contested case hearing under subdivision 12, paragraph (b); and

147.19 (5) a summary of this section, including all filing requirements and deadlines; and

147.20 (6) the statement required under subdivision 4, paragraph (a), if applicable.

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

147.22 Sec. 11. Minnesota Statutes 2016, section 356.96, subdivision 4, is amended to read:

147.23 Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to~~ the executive
 147.24 director's determination will terminate a benefit that is being paid to a person, ~~before~~
 147.25 ~~terminating the benefit, the chief administrative officer must, in addition to the other~~
 147.26 ~~procedures prescribed in this section, provide the individual with written notice of the~~
 147.27 ~~pending benefit termination by certified mail. The notice must explain the reason for the~~
 147.28 ~~pending benefit termination. The person must be given an~~ the notice of determination must
 147.29 also state that the person has the opportunity to explain, in writing, in person, by telephone,
 147.30 or by e-mail, the reasons that the benefit should not be terminated.

147.31 (b) ~~If the chief administrative officer is unable to contact the person and~~ notice of
 147.32 determination is returned as undeliverable, and the person cannot be reached by any other

148.1 reasonable means of communication, and the executive director determines that a failure
148.2 to terminate the benefit will result in unauthorized payment by a covered pension plan, the
148.3 ~~chief administrative officer~~ executive director may terminate the benefit immediately upon
148.4 ~~mailing a written notice containing the information required by subdivision 3 to the address~~
148.5 ~~to which the most recent benefit payment was sent and, if that address is that of a financial~~
148.6 ~~institution, to the last known address of the person.~~

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

148.8 Sec. 12. Minnesota Statutes 2016, section 356.96, subdivision 5, is amended to read:

148.9 Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination required
148.10 in subdivision 3, a person who claims a right under subdivision 2 may petition the governing
148.11 board of the covered pension plan for a review of ~~that decision by the governing board of~~
148.12 ~~the covered pension plan~~ the executive director's determination.

148.13 (b) ~~A petition under this section must be sent to the chief administrative officer by mail~~
148.14 ~~and must be postmarked~~ The petitioner must file the petition for review with the
148.15 administrative office of the covered pension plan no later than 60 days after the ~~person~~
148.16 ~~received~~ date of the notice of determination required by subdivision 3. Filing of the petition
148.17 is effective upon mailing or personal delivery. The petition must include the ~~person's~~
148.18 petitioner's statement of the reason or reasons that the ~~person believes the decision of the~~
148.19 ~~chief administrative officer~~ determination of the executive director should be reversed or
148.20 modified. ~~The petition may include all documentation and written materials that the petitioner~~
148.21 ~~deems to be relevant. In developing a record for review by the board when a decision is~~
148.22 ~~appealed, the chief administrative officer may direct that the applicant participate in a~~
148.23 ~~fact-finding session conducted by an administrative law judge assigned by the Office of~~
148.24 ~~Administrative Hearings and, as applicable, participate in a vocational assessment conducted~~
148.25 ~~by a qualified rehabilitation counselor on contract with the applicable retirement system.~~

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

148.27 Sec. 13. Minnesota Statutes 2016, section 356.96, subdivision 6, is amended to read:

148.28 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not
148.29 filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan, the
148.30 executive director's determination is final and is not subject to further administrative or
148.31 judicial review.

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

149.1 Sec. 14. Minnesota Statutes 2016, section 356.96, subdivision 7, is amended to read:

149.2 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a) After
149.3 receiving a petition, the ~~chief administrative officer~~ executive director must schedule a
149.4 ~~timely hearing to review~~ of the petition before the governing board of the covered pension
149.5 plan or the executive director may defer the scheduling of a hearing until after a fact-finding
149.6 conference under paragraph (b). ~~The review must be scheduled to take into consideration~~
149.7 ~~any necessary accommodations to allow the petitioner to participate in the governing board's~~
149.8 ~~review.~~

149.9 (b) The executive director may direct the petitioner to participate in a fact-finding
149.10 conference conducted by an administrative law judge assigned by the Office of
149.11 Administrative Hearings. The fact-finding conference is an informal proceeding not subject
149.12 to the provisions of Minnesota Rules, chapter 1400, except that part 1400.7300 shall govern
149.13 the admissibility of evidence and part 1400.8603 shall govern how the fact-finding conference
149.14 is conducted. The administrative law judge must issue a report and a recommendation to
149.15 the governing board.

149.16 (c) If the petitioner's claim relates to disability benefits, the executive director may direct
149.17 the petitioner to participate in a vocational assessment conducted by a qualified rehabilitation
149.18 counselor under contract with the covered pension plan. The counselor must issue a report
149.19 regarding the assessment to the governing board.

149.20 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing date
149.21 before the governing board, the ~~chief administrative officer~~ executive director must provide
149.22 by mail to notify the petitioner an acknowledgment of the receipt of the person's petition
149.23 and a follow-up notice of the time and place of the meeting at which the governing board
149.24 is scheduled to consider the petition and conduct the hearing. If there has been no fact-finding
149.25 conference under paragraph (b), not less than 15 days before the date scheduled for the
149.26 hearing, the petitioner and the executive director must provide a copy to the governing board
149.27 and the other party copies of all relevant documents, documentary evidence, summaries,
149.28 and recommendations assembled by or on behalf of the plan administration to be considered
149.29 by the governing board that will be presented and a list of witnesses who will testify, along
149.30 with a summary of their testimony.

149.31 ~~(e) All documents and materials that the petitioner wishes to be part of the record for~~
149.32 ~~review must be filed with the chief administrative officer and must be received in the offices~~
149.33 ~~of the covered pension plan at least 15 days before the date of the meeting at which the~~
149.34 ~~petition is scheduled to be heard.~~

150.1 ~~(d) A~~ (e) The petitioner may request a continuance postponement of a the date scheduled
 150.2 for the hearing if the request is received by the chief administrative officer within before
 150.3 the governing board within a reasonable time, but no later than ten calendar days of before
 150.4 the scheduled hearing date of the applicable board meeting. The chief administrative officer
 150.5 must reschedule the review within a reasonable time. Only one continuance may be granted
 150.6 to any petitioner. A petitioner shall be granted only one postponement unless the applicable
 150.7 covered pension plan agrees to additional postponements.

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

150.9 Sec. 15. Minnesota Statutes 2016, section 356.96, subdivision 8, is amended to read:

150.10 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
 150.11 affidavits in the possession of the covered pension plan of which the covered pension plan
 150.12 desires to avail itself and be considered by the governing board, and all evidence which the
 150.13 petitioner wishes to present to the governing board, including any evidence which would
 150.14 otherwise be classified by law as "private," must be made part of the hearing record.

150.15 (b) ~~The chief administrative officer~~ executive director must provide a copy of the record
 150.16 to each member of the governing board at least ~~seven~~ five days before the scheduled hearing
 150.17 date.

150.18 (c) ~~Any additional document, affidavit, or other relevant information that the petitioner~~
 150.19 ~~requests be part of the record may be admitted with the consent of the governing board. If~~
 150.20 a fact-finding conference under subdivision 7, paragraph (b), is not conducted, the record
 150.21 is limited to those materials provided to the petitioner in accordance with subdivision 7,
 150.22 paragraph (d), those filed by the petitioner with the covered pension plan in a timely manner
 150.23 in accordance with subdivision 7, paragraph (e), any vocational assessment report under
 150.24 subdivision 7, paragraph (c), and any testimony at the hearing before the governing board.
 150.25 Any additional evidence may be placed in the record pursuant to subdivision 10, paragraph
 150.26 (b).

150.27 (d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested case
 150.28 hearing under subdivision 12, paragraph (b), is conducted, the record before the governing
 150.29 board must be limited to the following:

150.30 (1) the record from the Office of Administrative Hearings;

150.31 (2) seven-page submissions by the petitioner and a representative of the covered pension
 150.32 plan commenting on the administrative law judge's recommendation; and

150.33 (3) any vocational assessment report under subdivision 7, paragraph (c).

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

151.2 Sec. 16. Minnesota Statutes 2016, section 356.96, subdivision 9, is amended to read:

151.3 Subd. 9. **Amended determination.** At any time before the hearing before the governing
 151.4 board, for good cause shown and made part of the records of the plan, the ~~chief administrative~~
 151.5 ~~officer~~ executive director may reverse, alter, amend, or modify the prior decision which is
 151.6 subject to review under this section by issuing an amended ~~decision~~ determination to the
 151.7 petitioner. Upon doing so, the ~~chief administrative officer~~ executive director may cancel
 151.8 the governing board's scheduled review of the person's petition and ~~shall so~~ notify the
 151.9 petitioner.

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

151.11 Sec. 17. Minnesota Statutes 2016, section 356.96, subdivision 10, is amended to read:

151.12 Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing on a
 151.13 petition for review as part of a regularly scheduled board meeting, or as part of a special
 151.14 meeting if so scheduled. All governing board members who participate in the
 151.15 decision-making process must be familiar with the record. The governing board shall make
 151.16 its decision on a petition solely on the record as submitted and on the proceedings of the
 151.17 hearing.

151.18 (b) At the hearing, the petitioner, the petitioner's ~~attorney, and the chief administrative~~
 151.19 ~~officer~~ representative, if any, the executive director and a representative of the covered
 151.20 pension plan who does not also serve as the governing board's legal advisor during the
 151.21 board's decision-making process, may state and discuss with the governing board their
 151.22 positions with respect to the petition. If no fact-finding conference under subdivision 7,
 151.23 paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was conducted,
 151.24 additional evidence may be received in the form of testimony from previously disclosed
 151.25 witnesses. The governing board may allow further documentation to be placed in the record
 151.26 at the board meeting only with the agreement of both the ~~chief administrative officer~~
 151.27 ~~executive director~~ and the petitioner. The ~~chief administrative officer~~ executive director
 151.28 may not otherwise participate in the board's decision-making process.

151.29 (b) ~~When a petition presents a contested issue of law, an assistant attorney general may~~
 151.30 ~~participate and may argue on behalf of the legal position taken by the chief administrative~~
 151.31 ~~officer if that assistant attorney general does not also serve as the governing board's legal~~
 151.32 ~~advisor during the board's decision-making process.~~

152.1 ~~(e) A motion by a board member, supported by a summary of the relevant facts,~~
 152.2 ~~conclusions and reasons, as properly amended and approved by a majority of the governing~~
 152.3 ~~board, constitutes the board's final decision. A verbatim statement of the board's final~~
 152.4 ~~decision must be served upon the petitioner. If the decision is contrary to the petitioner's~~
 152.5 ~~desired outcome, the notice shall inform the petitioner of the appeal rights set forth in~~
 152.6 ~~subdivision 13.~~

152.7 ~~(d) (c)~~ If a petitioner who received timely notice of a scheduled hearing fails to appear,
 152.8 the governing board may nevertheless hear the petition and issue a decision.

152.9 (d) The governing board's decision shall be made upon a motion by a board member
 152.10 and approval by a majority of the governing board. The governing board must issue its
 152.11 decision as a written order containing findings of fact, conclusions of law, and the board's
 152.12 decision no later than 30 days after the hearing. If the decision is contrary to the petitioner's
 152.13 desired outcome, the notice must inform the petitioner of the appeal rights set forth in
 152.14 subdivision 13.

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

152.16 Sec. 18. Minnesota Statutes 2016, section 356.96, subdivision 11, is amended to read:

152.17 Subd. 11. **Disability medical issues.** ~~(a) If a person petitions the governing board the~~
 152.18 petitioner seeks to reverse or modify a determination which found by the executive director
 152.19 that there exists no was insufficient medical data supporting to support an application for
 152.20 disability benefits, the governing board may reverse that determination only if there is in
 152.21 fact medical evidence supporting the application. The governing board has the discretion
 152.22 to resubmit a disability benefit application at any time to a medical advisor for
 152.23 reconsideration, and the resubmission may include an instruction that further medical
 152.24 examinations be obtained.

152.25 ~~(b) The governing board may make a determination contrary to the recommendation of~~
 152.26 ~~the medical advisor only if there is expert medical evidence in the record to support its~~
 152.27 ~~contrary decision. If there is no medical evidence contrary to the opinion of the medical~~
 152.28 ~~advisor in the record and the medical advisor attests that the decision was made in accordance~~
 152.29 ~~with the applicable disability standard, the board must follow the decision of the medical~~
 152.30 ~~advisor regarding the cause of the disability.~~

152.31 ~~(e) The obligation of the governing board to follow the decision of the medical advisor~~
 152.32 ~~under paragraph (b) does not apply to instances when the governing board makes a~~

153.1 ~~determination different from the recommendation of the medical advisor on issues that do~~
 153.2 ~~not involve medical issues.~~

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

153.4 Sec. 19. Minnesota Statutes 2016, section 356.96, subdivision 12, is amended to read:

153.5 Subd. 12. **Referral for administrative hearing.** (a) ~~Notwithstanding any provision of~~
 153.6 ~~sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of~~
 153.7 ~~the chief administrative officer of a covered pension plan~~ A fact-finding conference under
 153.8 subdivision 7, paragraph (b), must be conducted exclusively under the procedures set forth
 153.9 in this section and is not as a contested case under chapter 14.

153.10 (b) ~~Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole
 153.11 discretion, may refer a petition brought under this section to the Office of Administrative
 153.12 Hearings for a contested case hearing under sections 14.57 to 14.69.

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

153.14 Sec. 20. Minnesota Statutes 2016, section 356.96, subdivision 13, is amended to read:

153.15 Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No later
 153.16 than 60 days of after the date of the mailing of the notice of the governing board's decision,
 153.17 the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals
 153.18 under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure.
 153.19 Failure by a person to appeal to the Court of Appeals within the 60-day period precludes
 153.20 the person from later raising, in any subsequent administrative hearing or court proceeding,
 153.21 those substantive and procedural issues that reasonably should have been raised upon a
 153.22 timely appeal.

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

153.24 Sec. 21. **REPEALER.**

153.25 (a) Minnesota Statutes 2016, section 356.611, subdivisions 3, 3a, 4, and 5, are repealed.

153.26 (b) Minnesota Statutes 2016, section 356.96, subdivisions 14 and 15, are repealed.

153.27 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective
 153.28 the day following final enactment.

154.1

ARTICLE 14

154.2

ACTUARIAL ASSUMPTION CHANGES

154.3

Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

154.4

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the

154.5

applicable following interest assumption:

154.6

~~(1) select and ultimate interest rate assumption~~

154.7

~~ultimate interest rate~~

154.8

~~plan~~

~~assumption~~

154.9

~~teachers retirement plan~~

~~8.5%~~

154.10

~~The select preretirement interest rate assumption for the period through June 30, 2017,~~

154.11

~~is eight percent.~~

154.12

~~(2) single rate interest rate assumption~~

154.13

interest rate

154.14

plan

assumption

154.15

general state employees retirement plan

8%

154.16

correctional state employees retirement plan

8

154.17

State Patrol retirement plan

8

154.18

legislators retirement plan, and for the

0

154.19

constitutional officers calculation of total plan

154.20

liabilities

154.21

judges retirement plan

8

154.22

general public employees retirement plan

8

154.23

public employees police and fire retirement plan

8

154.24

local government correctional service retirement

8

154.25

plan

154.26

St. Paul teachers retirement plan

8

154.27

Bloomington Fire Department Relief Association

6

154.28

local monthly benefit volunteer firefighter relief

5

154.29

associations

154.30

monthly benefit retirement plans in the statewide

6

154.31

volunteer firefighter retirement plan

154.32

(b)(1) If funding stability has been attained, the valuation must use a postretirement

154.33

adjustment rate actuarial assumption equal to the postretirement adjustment rate specified

154.34

in section ~~354A.27, subdivision 7;~~ 354A.29, subdivision 9 $\frac{1}{2}$ or 356.415, subdivision 1,

154.35

whichever applies.

155.1 (2) If funding stability has not been attained, the valuation must use a select postretirement
 155.2 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 155.3 in section ~~354A.27, subdivision 6a~~; 354A.29, subdivision 8₂; or 356.415, subdivision 1a,
 155.4 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary
 155.5 estimates that the plan will attain the defined funding stability measure, and thereafter an
 155.6 ultimate postretirement adjustment rate actuarial assumption equal to the postretirement
 155.7 adjustment rate under section ~~354A.27, subdivision 7~~; 354A.29, subdivision 9₂; or 356.415,
 155.8 subdivision 1, for the applicable period or periods beginning when funding stability is
 155.9 projected to be attained.

155.10 (c) The actuarial valuation must use the applicable following single rate future salary
 155.11 increase assumption, the applicable following modified single rate future salary increase
 155.12 assumption, or the applicable following graded rate future salary increase assumption:

155.13 (1) single rate future salary increase assumption

plan	future salary increase assumption
155.14 legislators retirement plan	5%
155.15 judges retirement plan	2.75
155.16 Bloomington Fire Department Relief Association	4

155.18 (2) ~~age-related future salary increase age-related select and ultimate future salary increase~~
 155.19 ~~assumption or graded rate future salary increase assumption~~

plan	future salary increase assumption
155.20 local government correctional service retirement plan	assumption B
155.21 St. Paul teachers retirement plan	assumption A

155.22 For ~~plans other than the St. Paul Teachers~~
 155.23 ~~Retirement plan and the local government~~
 155.24 ~~correctional service retirement plan, the select~~
 155.25 ~~calculation is: Fund Association, during the a~~
 155.26 ~~designated select period of 15 years, in~~
 155.27 ~~addition to the age-based rates shown below,~~
 155.28 ~~a designated percentage rate of 0.2 percent is~~
 155.29 ~~multiplied by the result of the designated~~
 155.30 ~~integer 15 minus T, where T is the number of~~
 155.31 ~~completed years of service, and is added to~~
 155.32 ~~the applicable future salary increase~~
 155.33 ~~assumption. The designated select period is~~
 155.34 ~~ten years and the designated integer is ten for~~

156.1 ~~the local government correctional service~~
 156.2 ~~retirement plan and 15 for the St. Paul~~
 156.3 ~~Teachers Retirement Fund Association. The~~
 156.4 ~~designated percentage rate is 0.2 percent for~~
 156.5 ~~the St. Paul Teachers Retirement Fund~~
 156.6 ~~Association.~~

156.7 The ultimate future salary increase assumption is:

156.8	age	A	B
156.9	16	5.9%	8.75%
156.10	17	5.9	8.75
156.11	18	5.9	8.75
156.12	19	5.9	8.75
156.13	20	5.9	8.75
156.14	21	5.9	8.5
156.15	22	5.9	8.25
156.16	23	5.85	8
156.17	24	5.8	7.75
156.18	25	5.75	7.5
156.19	26	5.7	7.25
156.20	27	5.65	7
156.21	28	5.6	6.75
156.22	29	5.55	6.5
156.23	30	5.5	6.5
156.24	31	5.45	6.25
156.25	32	5.4	6.25
156.26	33	5.35	6.25
156.27	34	5.3	6
156.28	35	5.25	6
156.29	36	5.2	5.75
156.30	37	5.15	5.75
156.31	38	5.1	5.75
156.32	39	5.05	5.5
156.33	40	5	5.5
156.34	41	4.95	5.5
156.35	42	4.9	5.25
156.36	43	4.85	5
156.37	44	4.8	5

157.1	45	4.75	4.75
157.2	46	4.7	4.75
157.3	47	4.65	4.75
157.4	48	4.6	4.75
157.5	49	4.55	4.75
157.6	50	4.5	4.75
157.7	51	4.45	4.75
157.8	52	4.4	4.75
157.9	53	4.35	4.75
157.10	54	4.3	4.75
157.11	55	4.25	4.5
157.12	56	4.2	4.5
157.13	57	4.15	4.25
157.14	58	4.1	4
157.15	59	4.05	4
157.16	60	4	4
157.17	61	4	4
157.18	62	4	4
157.19	63	4	4
157.20	64	4	4
157.21	65	4	3.75
157.22	66	4	3.75
157.23	67	4	3.75
157.24	68	4	3.75
157.25	69	4	3.75
157.26	70	4	3.75

157.27 (3) service-related ~~ultimate~~ future salary increase assumption

157.28	general state employees retirement plan of the Minnesota						assumption A
157.29	State Retirement System						
157.30	general employees retirement plan of the Public						assumption B
157.31	Employees Retirement Association						
157.32	Teachers Retirement Association						assumption C
157.33	public employees police and fire retirement plan						assumption D
157.34	State Patrol retirement plan						assumption E
157.35	correctional state employees retirement plan of the						assumption F
157.36	Minnesota State Retirement System						

157.37	service						
157.38	length	A	B	C	D	E	F

158.1	1	10.25 <u>14%</u>	11.78	12 <u>9.5%</u>	12.75%	7.75%	5.75%
158.2			<u>11.5%</u>				
158.3	2	7.85 <u>11.5</u>	8.65 <u>8.5</u>	9 <u>9.5</u>	10.75	7.25	5.6
158.4	3	6.65 <u>6.25</u>	7.21 <u>7</u>	8 <u>7.75</u>	8.75	6.75	5.45
158.5	4	5.95 <u>5.5</u>	6.33 <u>6</u>	7.5 <u>7.25</u>	7.75	6.5	5.3
158.6	5	5.45 <u>5.25</u>	5.72 <u>5.5</u>	7.25 <u>7</u>	6.25	6.25	5.15
158.7	6	5.05 <u>5.15</u>	5.27 <u>5.2</u>	7	5.85	6	5
158.8	7	4.75 <u>5</u>	4.91 <u>4.9</u>	6.85	5.55	5.75	4.85
158.9	8	4.45 <u>4.75</u>	4.62 <u>4.8</u>	6.7	5.35	5.6	4.7
158.10	9	4.25 <u>4.5</u>	4.38 <u>4.7</u>	6.55	5.15	5.45	4.55
158.11	10	4.15 <u>4.25</u>	4.17 <u>4.5</u>	6.4	5.05	5.3	4.4
158.12	11	3.95 <u>4.2</u>	3.99 <u>4.25</u>	6.25	4.95	5.15	4.3
158.13	12	3.85 <u>4.15</u>	3.83 <u>4.1</u>	6	4.85	5	4.2
158.14	13	3.75 <u>4.1</u>	3.69 <u>4</u>	5.75	4.75	4.85	4.1
158.15	14	3.55 <u>4.05</u>	3.57 <u>3.9</u>	5.5	4.65	4.7	4
158.16	15	3.45 <u>4</u>	3.45 <u>3.9</u>	5.25	4.55	4.55	3.9
158.17	16	3.35 <u>3.95</u>	3.35 <u>3.85</u>	5	4.55	4.4	3.8
158.18	17	3.25 <u>3.9</u>	3.26 <u>3.8</u>	4.75	4.55	4.25	3.7
158.19	18	3.25 <u>3.85</u>	3.25 <u>3.75</u>	4.5	4.55	4.1	3.6
158.20	19	3.25 <u>3.8</u>	3.25 <u>3.75</u>	4.25 <u>4.3</u>	4.55	3.95	3.5
158.21	20	3.25 <u>3.75</u>	3.25 <u>3.75</u>	4 <u>4.2</u>	4.55	3.8	3.5
158.22	21	3.25 <u>3.7</u>	3.25 <u>3.75</u>	3.9 <u>4.1</u>	4.45	3.75	3.5
158.23	22	3.25 <u>3.65</u>	3.25 <u>3.7</u>	3.8 <u>4</u>	4.35	3.75	3.5
158.24	23	3.25 <u>3.6</u>	3.25 <u>3.6</u>	3.7 <u>3.9</u>	4.25	3.75	3.5
158.25	24	3.25 <u>3.55</u>	3.25 <u>3.6</u>	3.6 <u>3.8</u>	4.25	3.75	3.5
158.26	25	3.25 <u>3.5</u>	3.25 <u>3.6</u>	3.5 <u>3.7</u>	4.25	3.75	3.5
158.27	26	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5 <u>3.6</u>	4.25	3.75	3.5
158.28	27	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
158.29	28	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
158.30	29	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
158.31	30 or more	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5

158.32 (d) The actuarial valuation must use the applicable following payroll growth assumption
 158.33 for calculating the amortization requirement for the unfunded actuarial accrued liability
 158.34 where the amortization retirement is calculated as a level percentage of an increasing payroll:

158.35	plan	payroll growth assumption
158.36	general state employees retirement plan of the Minnesota	3.5%
158.37	State Retirement System	
158.38	correctional state employees retirement plan	3.5

159.1	State Patrol retirement plan	3.5
159.2	judges retirement plan	2.75
159.3	general employees retirement plan of the Public	3.5
159.4	Employees Retirement Association	
159.5	public employees police and fire retirement plan	3.5
159.6	local government correctional service retirement plan	3.5
159.7	teachers retirement plan	3.75 3.5
159.8	St. Paul teachers retirement plan	4
159.9	(e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a	
159.10	different salary assumption or a different payroll increase assumption:	
159.11	(1) has been proposed by the governing board of the applicable retirement plan;	
159.12	(2) is accompanied by the concurring recommendation of the actuary retained under	
159.13	section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most	
159.14	recent actuarial valuation report if section 356.214 does not apply; and	
159.15	(3) has been approved or deemed approved under subdivision 18.	
159.16	<u>EFFECTIVE DATE.</u> This section is effective July 1, 2017, and applies to actuarial	
159.17	<u>valuations prepared on or after that date.</u>	

ARTICLE 15

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS

Section 1. Minnesota Statutes 2016, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets as specified in this subdivision. The governing board of an expanded list plan may select and appoint investment agencies to act for or on its behalf.

(b) **Securities generally; investment forms.** An expanded list plan is authorized to purchase, sell, lend, and exchange the investment securities authorized under this subdivision, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

(c) **Government obligations.** An expanded list plan is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top

160.1 four quality rating categories by a nationally recognized rating agency. The obligations in
160.2 which funds may be invested under this paragraph are guaranteed or insured issues of:

160.3 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
160.4 created and regulated by an act of Congress;

160.5 (2) the Dominion of Canada or one of its provinces if the principal and interest are
160.6 payable in United States dollars;

160.7 (3) a state or one of its municipalities, political subdivisions, agencies, or
160.8 instrumentalities; and

160.9 (4) a United States government-sponsored organization of which the United States is a
160.10 member if the principal and interest are payable in United States dollars.

160.11 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized to
160.12 invest funds in bonds, notes, debentures, transportation equipment obligations, or any other
160.13 longer term evidences of indebtedness issued or guaranteed by a corporation organized
160.14 under the laws of the United States or any of its states, or the Dominion of Canada or any
160.15 of its provinces if:

160.16 (1) the principal and interest are payable in United States dollars; and

160.17 (2) the obligations are rated among the top four quality categories by a nationally
160.18 recognized rating agency.

160.19 (e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized
160.20 to invest in unrated corporate obligations or in corporate obligations that are not rated among
160.21 the top four quality categories by a nationally recognized rating agency if:

160.22 (1) the aggregate value of these obligations does not exceed five percent of the covered
160.23 pension plan's market value;

160.24 (2) the covered pension plan's participation is limited to 50 percent of a single offering
160.25 subject to this paragraph; and

160.26 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
160.27 obligations subject to this paragraph.

160.28 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

160.29 (i) bankers acceptances and deposit notes if issued by a United States bank that is rated
160.30 in the highest four quality categories by a nationally recognized rating agency;

161.1 (ii) certificates of deposit if issued by a United States bank or savings institution rated
161.2 in the highest four quality categories by a nationally recognized rating agency or whose
161.3 certificates of deposit are fully insured by federal agencies, or if issued by a credit union in
161.4 an amount within the limit of the insurance coverage provided by the National Credit Union
161.5 Administration;

161.6 (iii) commercial paper if issued by a United States corporation or its Canadian subsidiary
161.7 and if rated in the highest two quality categories by a nationally recognized rating agency;

161.8 (iv) mortgage securities and asset-backed securities if rated in the top four quality
161.9 categories by a nationally recognized rating agency;

161.10 (v) repurchase agreements and reverse repurchase agreements if collateralized with
161.11 letters of credit or securities authorized in this section;

161.12 (vi) guaranteed investment contracts if issued by an insurance company or a bank that
161.13 is rated in the top four quality categories by a nationally recognized rating agency or
161.14 alternative guaranteed investment contracts if the underlying assets comply with the
161.15 requirements of this subdivision;

161.16 (vii) savings accounts if fully insured by a federal agency; and

161.17 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic
161.18 mutual insurance company.

161.19 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of
161.20 deposit and collateralization agreements executed by the covered pension plan under clause
161.21 (1), item (ii).

161.22 (3) In addition to investments authorized by clause (1), item (iv), an expanded list plan
161.23 is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a
161.24 pool of residential mortgages, not in default, that has previously been financed by the
161.25 issuance of bonds or notes of the agency. The covered pension plan may also enter into a
161.26 commitment with the agency, at the time of any issue of bonds or notes, to purchase at a
161.27 specified future date, not exceeding 12 years from the date of the issue, the amount of
161.28 mortgage loans then outstanding and not in default that have been made or purchased from
161.29 the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees
161.30 for any such commitment and may agree to purchase the mortgage loans at a price sufficient
161.31 to produce a yield to the covered pension plan comparable, in its judgment, to the yield
161.32 available on similar mortgage loans at the date of the bonds or notes. The covered pension
161.33 plan may also enter into agreements with the agency for the investment of any portion of

162.1 the funds of the agency. The agreement must cover the period of the investment, withdrawal
162.2 privileges, and any guaranteed rate of return.

162.3 (g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or
162.4 convertible issues of any corporation organized under the laws of the United States or any
162.5 of its states, any corporation organized under the laws of the Dominion of Canada or any
162.6 of its provinces, or any corporation listed on an exchange that is regulated by an agency of
162.7 the United States or of the Canadian national government.

162.8 An investment in any corporation must not exceed five percent of the total outstanding
162.9 shares of that corporation, except that an expanded list plan may hold up to 20 percent of
162.10 the shares of a real estate investment trust and up to 20 percent of the shares of a closed
162.11 mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent
162.12 with paragraph (b).

162.13 (h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b)
162.14 to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to
162.15 invest funds in:

162.16 (i) equity and debt investment businesses through participation in limited partnerships,
162.17 trusts, private placements, limited liability corporations, limited liability companies, limited
162.18 liability partnerships, and corporations;

162.19 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust or
162.20 shares of real estate investment trusts, through investment in limited partnerships,
162.21 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance
162.22 company commingled accounts, including separate accounts;

162.23 (iii) resource investments through limited partnerships, trusts, private placements, limited
162.24 liability corporations, limited liability companies, limited liability partnerships, and
162.25 corporations; and

162.26 (iv) international securities.

162.27 (2) The investments authorized in clause (1) must conform to the following provisions:

162.28 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii),
162.29 may not exceed 35 percent of the market value of the fund for which the expanded list plan
162.30 is investing;

162.31 (ii) there must be at least four unrelated owners of the investment other than the expanded
162.32 list plan for investments made under clause (1), item (i), (ii), or (iii);

163.1 (iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent
163.2 thereof for investments made under clause (1), item (i), (ii), or (iii);

163.3 (iv) the expanded list plan's participation in a limited partnership does not include a
163.4 general partnership interest or other interest involving general liability. The expanded list
163.5 plan may not engage in any activity as a limited partner which creates general liability;

163.6 (v) the aggregate value of all unrated obligations and obligations that are not rated among
163.7 the top four quality categories by a nationally recognized rating agency authorized by
163.8 paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's
163.9 market value; and

163.10 (vi) for volunteer firefighter relief associations, emerging market equity and international
163.11 debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the
163.12 association's special fund market value.

163.13 (i) **Supplemental plan investments.** The governing body of an expanded list plan may
163.14 certify assets to the State Board of Investment for investment under section 11A.17.

163.15 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments
163.16 under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the
163.17 form in which these investments are held, must not exceed 85 percent of the covered plan's
163.18 market value.

163.19 **EFFECTIVE DATE.** This section is effective January 1, 2018.

163.20 Sec. 2. Minnesota Statutes 2016, section 424A.001, subdivision 2, is amended to read:

163.21 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department ~~or~~,
163.22 an independent nonprofit firefighting corporation, and a fire department established as or
163.23 operated by a joint powers entity under section 471.59.

163.24 **EFFECTIVE DATE.** This section is effective January 1, 2018.

163.25 Sec. 3. Minnesota Statutes 2016, section 424A.001, is amended by adding a subdivision
163.26 to read:

163.27 Subd. 2a. **Municipal.** "Municipal" means of a city or township.

163.28 **EFFECTIVE DATE.** This section is effective January 1, 2018.

164.1 Sec. 4. Minnesota Statutes 2016, section 424A.001, subdivision 3, is amended to read:

164.2 Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city or township which
 164.3 has established a fire department with which the relief association is directly associated, ~~or~~
 164.4 ~~the municipalities~~ a city or township which ~~have~~ has entered into a contract with the
 164.5 independent nonprofit firefighting corporation of which the relief association is ~~a subsidiary~~
 164.6 directly associated, or a city or township that has entered into a contract with a joint powers
 164.7 entity established under section 471.59 of which the relief association is directly associated.

164.8 **EFFECTIVE DATE.** This section is effective January 1, 2018.

164.9 Sec. 5. Minnesota Statutes 2016, section 424A.001, subdivision 10, is amended to read:

164.10 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member
 164.11 of the applicable fire department or the independent nonprofit firefighting corporation and
 164.12 is eligible for membership in the applicable relief association and:

164.13 (i) is engaged in providing emergency response services or delivering fire education or
 164.14 prevention services as a member of a ~~municipal~~ fire department, ~~a joint powers entity fire~~
 164.15 ~~department, or an independent nonprofit firefighting corporation;~~

164.16 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
 164.17 prevention duties under subdivision 8; and

164.18 (iii) meets any other minimum firefighter and service standards established by the fire
 164.19 department ~~or the independent nonprofit firefighting corporation~~ or specified in the articles
 164.20 of incorporation or bylaws of the relief association.

164.21 **EFFECTIVE DATE.** This section is effective January 1, 2018.

164.22 Sec. 6. Minnesota Statutes 2016, section 424A.002, subdivision 1, is amended to read:

164.23 Subdivision 1. **Authorization.** A ~~municipal~~ fire department ~~or an independent nonprofit~~
 164.24 ~~firefighting corporation~~, with approval by the applicable municipality or municipalities,
 164.25 may establish a new volunteer firefighter relief association or may retain an existing volunteer
 164.26 firefighter relief association. A ~~municipal~~ fire department ~~or an independent nonprofit~~
 164.27 ~~firefighting corporation~~ may be associated with only one volunteer firefighter relief
 164.28 association at one time.

164.29 **EFFECTIVE DATE.** This section is effective January 1, 2018.

165.1 Sec. 7. [424A.003] CERTIFICATION OF SERVICE CREDIT.

165.2 (a) When a municipal fire department, a joint powers fire department, or an independent
165.3 nonprofit firefighting corporation is directly associated with the volunteer firefighters relief
165.4 association, the fire chief shall certify annually by March 31 the service credit for the
165.5 previous calendar year of each volunteer firefighter rendering active service with the fire
165.6 department.

165.7 (b) The certification shall be made to an officer of the relief association's board of trustees
165.8 and to the municipal clerk or clerk-treasurer of the largest municipality in population served
165.9 by the associated fire department.

165.10 (c) The fire chief shall notify each volunteer firefighter rendering active service with
165.11 the fire department of the amount of service credit rendered by the firefighter for the previous
165.12 calendar year. The service credit notification and a description of the process and deadlines
165.13 for the firefighter to challenge the fire chief's determination of service credit must be provided
165.14 to the firefighter 60 days prior to its certification to the relief association and municipality.
165.15 If the service credit amount is challenged, the fire chief shall accept and consider any
165.16 additional pertinent information and shall make a final determination of service credit.

165.17 (d) The service credit certification must be expressed as the number of completed months
165.18 of the previous year during which an active volunteer firefighter rendered at least the
165.19 minimum level of duties as specified and required by the fire department under the rules,
165.20 regulations, and policies applicable to the fire department. No more than one year of service
165.21 credit may be certified for a calendar year.

165.22 (e) If a volunteer firefighter who is a member of the relief association leaves active
165.23 firefighting service to render active military service that is required to be governed by the
165.24 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
165.25 firefighter must be certified as providing service credit for the period of the military service,
165.26 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
165.27 Rights Act. If the volunteer firefighter does not return from the military service in compliance
165.28 with the federal Uniformed Services Employment and Reemployment Rights Act, the service
165.29 credits applicable to that military service credit period are forfeited and canceled at the end
165.30 of the calendar year in which the time limit set by federal law occurs.

165.31 **EFFECTIVE DATE.** This section is effective January 1, 2018.

166.1 Sec. 8. Minnesota Statutes 2016, section 424A.01, subdivision 1, is amended to read:

166.2 Subdivision 1. **Minors.** No volunteer firefighters relief association associated with a
166.3 municipality, a joint powers entity, or an independent nonprofit firefighting corporation
166.4 may include as a relief association member a minor serving as a volunteer firefighter.

166.5 **EFFECTIVE DATE.** This section is effective January 1, 2018.

166.6 Sec. 9. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to
166.7 read:

166.8 **Subd. 4a. Prohibition on receipt of concurrent service credit.** No firefighter may be
166.9 credited with service credit in a volunteer firefighters relief association for the same hours
166.10 of service for which coverage is already provided in a fund operated pursuant to chapter
166.11 353.

166.12 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to service
166.13 rendered on or after that date.

166.14 Sec. 10. Minnesota Statutes 2016, section 424A.01, subdivision 5, is amended to read:

166.15 Subd. 5. **Fire prevention personnel.** (a) If the ~~fire department is a municipal department~~
166.16 ~~and the applicable municipality approves, or if the fire department is an independent nonprofit~~
166.17 ~~firefighting corporation and the contracting municipality~~ or municipalities approve, the fire
166.18 department may employ or otherwise utilize the services of persons as volunteer firefighters
166.19 to perform fire prevention duties and to supervise fire prevention activities.

166.20 (b) Personnel serving in fire prevention positions are eligible to be members of the
166.21 applicable volunteer firefighter relief association and to qualify for service pension or other
166.22 benefit coverage of the relief association on the same basis as fire department personnel
166.23 who perform fire suppression duties.

166.24 (c) Personnel serving in fire prevention positions also are eligible to receive any other
166.25 benefits under the applicable law or practice for services on the same basis as personnel
166.26 who are employed to perform fire suppression duties.

166.27 **EFFECTIVE DATE.** This section is effective January 1, 2018.

166.28 Sec. 11. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision
166.29 to read:

166.30 **Subd. 5a. Volunteer emergency medical personnel.** Volunteer emergency medical
166.31 personnel are eligible to be members of the applicable volunteer firefighters relief association

167.1 and to qualify for service pension or other benefit coverage of the relief association on the
167.2 same basis as fire department personnel who perform or supervise fire suppression or fire
167.3 prevention duties, if:

167.4 (1) the fire department employs or otherwise uses the services of persons solely as
167.5 volunteer emergency medical personnel to perform emergency medical response duties or
167.6 supervise emergency medical response activities;

167.7 (2) the bylaws of the relief association authorize the eligibility; and

167.8 (3) the eligibility is approved by:

167.9 (i) the municipality, if the fire department is a municipal department;

167.10 (ii) the joint powers board, if the fire department is a joint powers entity; or

167.11 (iii) the contracting municipality or municipalities, if the fire department is an independent
167.12 nonprofit firefighting corporation.

167.13 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to service
167.14 rendered on or after that date.

167.15 Sec. 12. Minnesota Statutes 2016, section 424A.01, subdivision 6, is amended to read:

167.16 Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision
167.17 governs the service pension calculation requirements of a firefighter who returns to active
167.18 service after a break in service and applies to all breaks in service, except that the resumption
167.19 service requirements of this subdivision do not apply to leaves of absence made available
167.20 by federal statute, such as the Family Medical Leave Act, United States Code, title 29,
167.21 section 2691, and the Uniformed Services Employment and Reemployment Rights Act,
167.22 United States Code, title 38, section 4301, and do not apply to leaves of absence made
167.23 available by state statute, such as the Parental Leave Act, section 181.941; the Leave for
167.24 Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section
167.25 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed
167.26 in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section
167.27 593.50.

167.28 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire
167.29 prevention duties for at least 60 days resumes performing active firefighting with the fire
167.30 department associated with the relief association, if the bylaws of the relief association so
167.31 permit, the firefighter may again become an active member of the relief association. A

168.1 firefighter who returns to active service and membership is subject to the service pension
168.2 calculation requirements under this section.

168.3 (2) A firefighter who has been granted an approved leave of absence not exceeding one
168.4 year by the fire department or by the relief association is exempt from the minimum period
168.5 of resumption service requirement of this section.

168.6 (3) A person who has a break in service not exceeding one year but has not been granted
168.7 an approved leave of absence and who has not received a service pension or disability benefit
168.8 may be made exempt from the minimum period of resumption service requirement of this
168.9 section by the relief association bylaws.

168.10 (4) If the bylaws so provide, a firefighter who returns to active relief association
168.11 membership under this paragraph may continue to collect a monthly service pension,
168.12 notwithstanding the service pension eligibility requirements under chapter 424A.

168.13 (c) If a former firefighter who has received a service pension or disability benefit returns
168.14 to active relief association membership under paragraph (b), the firefighter may qualify for
168.15 the receipt of a service pension from the relief association for the resumption service period
168.16 if the firefighter meets the service requirements of section 424A.016, subdivision 3, or
168.17 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for
168.18 the same period of service.

168.19 (d) If a former firefighter who has not received a service pension or disability benefit
168.20 returns to active relief association membership under paragraph (b), the firefighter may
168.21 qualify for the receipt of a service pension from the relief association for the original and
168.22 resumption service periods if the firefighter meets the service requirements of section
168.23 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption
168.24 years of service credit.

168.25 (e) A firefighter who returns to active lump-sum relief association membership under
168.26 paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon
168.27 a subsequent cessation of duties, any service pension for the resumption service period
168.28 calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter
168.29 upon the firefighter's previous cessation of duties, a second lump-sum service pension for
168.30 the resumption service period must be calculated by applying the service pension amount
168.31 in effect on the date of the firefighter's termination of the resumption service for all years
168.32 of the resumption service.

168.33 (f) A firefighter who had not been paid a lump-sum service pension returns to active
168.34 relief association membership under paragraph (b), who did not meet the minimum period

169.1 of resumption service requirement specified in the relief association's bylaws, but who does
169.2 meet the minimum service requirement of section 424A.02, subdivision 2, based on the
169.3 firefighter's original and resumption years of active service, must have, upon a subsequent
169.4 cessation of duties, a service pension for the original and resumption service periods
169.5 calculated by applying the service pension amount in effect on the date of the firefighter's
169.6 termination of the resumption service, or, if the bylaws so provide, based on the service
169.7 pension amount in effect on the date of the firefighter's previous cessation of duties. The
169.8 service pension for a firefighter who returns to active lump-sum relief association membership
169.9 under this paragraph, but who had met the minimum period of resumption service requirement
169.10 specified in the relief association's bylaws, must be calculated by applying the service
169.11 pension amount in effect on the date of the firefighter's termination of the resumption service.

169.12 (g) If a firefighter receiving a monthly benefit service pension returns to active monthly
169.13 benefit relief association membership under paragraph (b), and if the relief association
169.14 bylaws do not allow for the firefighter to continue collecting a monthly service pension,
169.15 any monthly benefit service pension payable to the firefighter is suspended as of the first
169.16 day of the month next following the date on which the firefighter returns to active
169.17 membership. If the firefighter was receiving a monthly benefit service pension, and qualifies
169.18 for a service pension under paragraph (c), the firefighter is entitled to an additional monthly
169.19 benefit service pension upon a subsequent cessation of duties calculated based on the
169.20 resumption service credit and the service pension accrual amount in effect on the date of
169.21 the termination of the resumption service. A suspended initial service pension resumes as
169.22 of the first of the month next following the termination of the resumption service. If the
169.23 firefighter was not receiving a monthly benefit service pension and meets the minimum
169.24 service requirement of section 424A.02, subdivision 2, a service pension must be calculated
169.25 by applying the service pension amount in effect on the date of the firefighter's termination
169.26 of the resumption service for all years of service credit.

169.27 (h) A firefighter who was not receiving a monthly benefit service pension returns to
169.28 active relief association membership under paragraph (b), who did not meet the minimum
169.29 period of resumption service requirement specified in the relief association's bylaws, but
169.30 who does meet the minimum service requirement of section 424A.02, subdivision 2, based
169.31 on the firefighter's original and resumption years of active service, must have, upon a
169.32 subsequent cessation of duties, a service pension for the original and resumption service
169.33 periods calculated by applying the service pension amount in effect on the date of the
169.34 firefighter's termination of the resumption service, or, if the bylaws so provide, based on
169.35 the service pension amount in effect on the date of the firefighter's previous cessation of

170.1 duties. The service pension for a firefighter who returns to active relief association
170.2 membership under this paragraph, but who had met the minimum period of resumption
170.3 service requirement specified in the relief association's bylaws, must be calculated by
170.4 applying the service pension amount in effect on the date of the firefighter's termination of
170.5 the resumption service.

170.6 (i) For defined contribution plans, a firefighter who returns to active relief association
170.7 membership under paragraph (b) and who qualifies for a service pension under paragraph
170.8 (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the
170.9 resumption service period calculated as a separate benefit. If a service pension had been
170.10 paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter
170.11 meets the minimum service requirement of section 424A.016, subdivision 3, based on the
170.12 resumption years of service, a second service pension for the resumption service period
170.13 must be calculated to include allocations credited to the firefighter's individual account
170.14 during the resumption period of service and deductions for administrative expenses, if
170.15 applicable.

170.16 (j) For defined contribution plans, if a firefighter who had not been paid a service pension
170.17 returns to active relief association membership under paragraph (b), and who meets the
170.18 minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's
170.19 original and resumption years of service, must have, upon a subsequent cessation of duties,
170.20 a service pension for the original and resumption service periods calculated to include
170.21 allocations credited to the firefighter's individual account during the original and resumption
170.22 periods of service and deductions for administrative expenses, if applicable, less any amounts
170.23 previously forfeited under section 424A.016, subdivision 4.

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

170.25 Sec. 13. Minnesota Statutes 2016, section 424A.015, subdivision 1, is amended to read:

170.26 Subdivision 1. **Separation from active service; exception.** (a) No service pension is
170.27 payable to a person while the person remains an active member of the respective fire
170.28 department, and a person who is receiving a service pension is not entitled to receive any
170.29 other benefits from the special fund of the relief association.

170.30 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a service
170.31 pension or disability benefit to a former member of the relief association if that person has
170.32 not separated from active service with the fire department to which the relief association is
170.33 directly associated, unless:

171.1 (1) the person discontinues volunteer firefighter duties with the ~~municipality or the~~
 171.2 ~~independent nonprofit firefighting corporation, whichever applies,~~ fire department and
 171.3 performs duties within the ~~municipal fire department or corporation~~ on a full-time basis;

171.4 (2) the governing body of the municipality or of the independent nonprofit firefighting
 171.5 corporation, or of the joint powers entity has filed its determination with the board of trustees
 171.6 of the relief association that the person's experience with and service to the fire department
 171.7 in that person's full-time capacity would be difficult to replace; and

171.8 (3) the bylaws of the relief association were amended to provide for the payment of a
 171.9 service pension or disability benefit for such full-time employees.

171.10 **EFFECTIVE DATE.** This section is effective January 1, 2018.

171.11 Sec. 14. Minnesota Statutes 2016, section 424A.015, is amended by adding a subdivision
 171.12 to read:

171.13 **Subd. 7. Combined service pensions.** (a) A volunteer firefighter with credit for service
 171.14 as an active firefighter in more than one volunteer firefighters relief association is entitled
 171.15 to a prorated service pension from each relief association if:

171.16 (1) the articles of incorporation or bylaws of the relief associations provide;

171.17 (2) the applicable requirements of paragraphs (b) and (c) are met; and

171.18 (3) the volunteer firefighter otherwise qualifies.

171.19 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
 171.20 must have a total combined amount of service credit from the two or more relief associations
 171.21 of ten years or more, unless the bylaws of every affected relief association specify less than
 171.22 a ten-year service vesting requirement, in which case, the total amount of required service
 171.23 credit is the longest service vesting requirement of the relief associations. The member must
 171.24 have one year or more of service credit in each relief association. The prorated service
 171.25 pension must be based on:

171.26 (1) for defined benefit relief associations, the service pension amount in effect for the
 171.27 relief association on the date on which active volunteer firefighting services covered by that
 171.28 relief association terminate; and

171.29 (2) for defined contribution relief associations, the member's individual account balance
 171.30 on the date on which active volunteer firefighting services covered by that relief association
 171.31 terminate.

172.1 (c) To receive a prorated service pension under this subdivision, the firefighter must
172.2 become a member of the second or succeeding association and must give notice of
172.3 membership to the prior association within two years of the date of termination of active
172.4 service with the prior association. The second or subsequent relief association secretary
172.5 must certify the notice.

172.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

172.7 Sec. 15. Minnesota Statutes 2016, section 424A.016, subdivision 2, is amended to read:

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

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

172.12 (2) reaches age 50;

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

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

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

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

172.30 (c) The service pension earned by a volunteer under this chapter and the articles of
172.31 incorporation and bylaws of the relief association may be paid whether or not the municipality

173.1 or independent nonprofit firefighting corporation to which the relief association is associated
173.2 qualifies for the receipt of fire state aid under chapter 69.

173.3 **EFFECTIVE DATE.** This section is effective January 1, 2018.

173.4 Sec. 16. Minnesota Statutes 2016, section 424A.02, subdivision 1, is amended to read:

173.5 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles
173.6 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined
173.7 benefit service pension to each of its members who: (1) separates from active service with
173.8 the fire department; (2) reaches age 50; (3) completes at least five years of active service
173.9 as an active member of the ~~municipal~~ fire department to which the relief association is
173.10 associated; (4) completes at least five years of active membership with the relief association
173.11 before separation from active service; and (5) complies with any additional conditions as
173.12 to age, service, and membership that are prescribed by the bylaws of the relief association.
173.13 A service pension computed under this section may be prorated monthly for fractional years
173.14 of service as the bylaws or articles of incorporation of the relief association so provide. The
173.15 bylaws or articles of incorporation may define a "month," but the definition must require a
173.16 calendar month to have at least 16 days of active service. If the bylaws or articles of
173.17 incorporation do not define a "month," a "month" is a completed calendar month of active
173.18 service measured from the member's date of entry to the same date in the subsequent month.
173.19 The service pension earned by a volunteer firefighter under this chapter and the articles of
173.20 incorporation and bylaws of the volunteer firefighters relief association may be paid whether
173.21 or not the municipality or independent nonprofit firefighting corporation to which the relief
173.22 association is associated qualifies for the receipt of fire state aid under chapter 69.

173.23 (b) In the case of a member who has completed at least five years of active service as
173.24 an active member of the fire department to which the relief association is associated on the
173.25 date that the relief association is established and incorporated, the requirement that the
173.26 member complete at least five years of active membership with the relief association before
173.27 separation from active service may be waived by the board of trustees of the relief association
173.28 if the member completes at least five years of inactive membership with the relief association
173.29 before the date of the payment of the service pension. During the period of inactive
173.30 membership, the member is not entitled to receive disability benefit coverage, is not entitled
173.31 to receive additional service credit towards computation of a service pension, and is
173.32 considered to have the status of a person entitled to a deferred service pension under
173.33 subdivision 7.

174.1 (c) No municipality ~~or~~, independent nonprofit firefighting corporation, or joint powers
 174.2 entity may delegate the power to take final action in setting a service pension or ancillary
 174.3 benefit amount or level to the board of trustees of the relief association or to approve in
 174.4 advance a service pension or ancillary benefit amount or level equal to the maximum amount
 174.5 or level that this chapter would allow rather than a specific dollar amount or level.

174.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

174.7 Sec. 17. Minnesota Statutes 2016, section 424A.02, subdivision 3, is amended to read:

174.8 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as
 174.9 part of the certification of the financial requirements and minimum municipal obligation
 174.10 determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable,
 174.11 the secretary or some other official of the relief association designated in the bylaws of each
 174.12 defined benefit relief association shall calculate and certify to the governing body of the
 174.13 applicable municipality the average amount of available financing per active covered
 174.14 firefighter for the most recent three-year period. The amount of available financing includes
 174.15 any amounts of fire state aid and police and firefighter retirement supplemental state aid
 174.16 received or receivable by the relief association, any amounts of municipal contributions to
 174.17 the relief association raised from levies on real estate or from other available revenue sources
 174.18 exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued
 174.19 liabilities of the relief association calculated under section 424A.092, subdivision 2;
 174.20 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

174.21 (b) The maximum service pension which the defined benefit relief association has
 174.22 authority to provide for in its bylaws for payment to a member retiring after the calculation
 174.23 date when the minimum age and service requirements specified in subdivision 1 are met
 174.24 must be determined using the table in paragraph (c) or (d), whichever applies.

174.25 (c) For a defined benefit relief association where the governing bylaws provide for a
 174.26 monthly service pension to a retiring member, the maximum monthly service pension amount
 174.27 per month for each year of service credited that may be provided for in the bylaws is the
 174.28 greater of the service pension amount provided for in the bylaws on the date of the calculation
 174.29 of the average amount of the available financing per active covered firefighter or the
 174.30 maximum service pension figure corresponding to the average amount of available financing
 174.31 per active covered firefighter:

	Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
174.32		
174.33		
174.34		
174.35	\$...	\$.25

175.1	41	.50
175.2	81	1.00
175.3	122	1.50
175.4	162	2.00
175.5	203	2.50
175.6	243	3.00
175.7	284	3.50
175.8	324	4.00
175.9	365	4.50
175.10	405	5.00
175.11	486	6.00
175.12	567	7.00
175.13	648	8.00
175.14	729	9.00
175.15	810	10.00
175.16	891	11.00
175.17	972	12.00
175.18	1053	13.00
175.19	1134	14.00
175.20	1215	15.00
175.21	1296	16.00
175.22	1377	17.00
175.23	1458	18.00
175.24	1539	19.00
175.25	1620	20.00
175.26	1701	21.00
175.27	1782	22.00
175.28	1823	22.50
175.29	1863	23.00
175.30	1944	24.00
175.31	2025	25.00
175.32	2106	26.00
175.33	2187	27.00
175.34	2268	28.00
175.35	2349	29.00
175.36	2430	30.00
175.37	2511	31.00
175.38	2592	32.00

176.1	2673	33.00
176.2	2754	34.00
176.3	2834	35.00
176.4	2916	36.00
176.5	2997	37.00
176.6	3078	38.00
176.7	3159	39.00
176.8	3240	40.00
176.9	3321	41.00
176.10	3402	42.00
176.11	3483	43.00
176.12	3564	44.00
176.13	3645	45.00
176.14	3726	46.00
176.15	3807	47.00
176.16	3888	48.00
176.17	3969	49.00
176.18	4050	50.00
176.19	4131	51.00
176.20	4212	52.00
176.21	4293	53.00
176.22	4374	54.00
176.23	4455	55.00
176.24	4536	56.00
176.25	4617	57.00
176.26	4698	58.00
176.27	4779	59.00
176.28	4860	60.00
176.29	4941	61.00
176.30	5022	62.00
176.31	5103	63.00
176.32	5184	64.00
176.33	5265	65.00
176.34	5346	66.00
176.35	5427	67.00
176.36	5508	68.00
176.37	5589	69.00
176.38	5670	70.00

177.1	5751	71.00
177.2	5832	72.00
177.3	5913	73.00
177.4	5994	74.00
177.5	6075	75.00
177.6	6156	76.00
177.7	6237	77.00
177.8	6318	78.00
177.9	6399	79.00
177.10	6480	80.00
177.11	6561	81.00
177.12	6642	82.00
177.13	6723	83.00
177.14	6804	84.00
177.15	6885	85.00
177.16	6966	86.00
177.17	7047	87.00
177.18	7128	88.00
177.19	7209	89.00
177.20	7290	90.00
177.21	7371	91.00
177.22	7452	92.00
177.23	7533	93.00
177.24	7614	94.00
177.25	7695	95.00
177.26	7776	96.00
177.27	7857	97.00
177.28	7938	98.00
177.29	8019	99.00
177.30	8100	100.00
177.31	any amount in excess of	
177.32	8100	100.00

177.33 (d) For a defined benefit relief association in which the governing bylaws provide for a
177.34 lump-sum service pension to a retiring member, the maximum lump-sum service pension
177.35 amount for each year of service credited that may be provided for in the bylaws is the greater
177.36 of the service pension amount provided for in the bylaws on the date of the calculation of
177.37 the average amount of the available financing per active covered firefighter or the maximum

178.1 service pension figure corresponding to the average amount of available financing per active
 178.2 covered firefighter for the applicable specified period:

178.3	Minimum Average Amount of Available 178.4 Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
178.5	\$...	\$ 10
178.6	11	20
178.7	16	30
178.8	23	40
178.9	27	50
178.10	32	60
178.11	43	80
178.12	54	100
178.13	65	120
178.14	77	140
178.15	86	160
178.16	97	180
178.17	108	200
178.18	131	240
178.19	151	280
178.20	173	320
178.21	194	360
178.22	216	400
178.23	239	440
178.24	259	480
178.25	281	520
178.26	302	560
178.27	324	600
178.28	347	640
178.29	367	680
178.30	389	720
178.31	410	760
178.32	432	800
178.33	486	900
178.34	540	1000
178.35	594	1100
178.36	648	1200
178.37	702	1300
178.38	756	1400

179.1	810	1500
179.2	864	1600
179.3	918	1700
179.4	972	1800
179.5	1026	1900
179.6	1080	2000
179.7	1134	2100
179.8	1188	2200
179.9	1242	2300
179.10	1296	2400
179.11	1350	2500
179.12	1404	2600
179.13	1458	2700
179.14	1512	2800
179.15	1566	2900
179.16	1620	3000
179.17	1672	3100
179.18	1726	3200
179.19	1753	3250
179.20	1780	3300
179.21	1820	3375
179.22	1834	3400
179.23	1888	3500
179.24	1942	3600
179.25	1996	3700
179.26	2023	3750
179.27	2050	3800
179.28	2104	3900
179.29	2158	4000
179.30	2212	4100
179.31	2265	4200
179.32	2319	4300
179.33	2373	4400
179.34	2427	4500
179.35	2481	4600
179.36	2535	4700
179.37	2589	4800
179.38	2643	4900

180.1	2697	5000
180.2	2751	5100
180.3	2805	5200
180.4	2859	5300
180.5	2913	5400
180.6	2967	5500
180.7	3021	5600
180.8	3075	5700
180.9	3129	5800
180.10	3183	5900
180.11	3237	6000
180.12	3291	6100
180.13	3345	6200
180.14	3399	6300
180.15	3453	6400
180.16	3507	6500
180.17	3561	6600
180.18	3615	6700
180.19	3669	6800
180.20	3723	6900
180.21	3777	7000
180.22	3831	7100
180.23	3885	7200
180.24	3939	7300
180.25	3993	7400
180.26	4047	7500
180.27	4101	7600
180.28	4155	7700
180.29	4209	7800
180.30	4263	7900
180.31	4317	8000
180.32	4371	8100
180.33	4425	8200
180.34	4479	8300
180.35	4533	8400
180.36	4587	8500
180.37	4641	8600
180.38	4695	8700

181.1	4749		8800
181.2	4803		8900
181.3	4857		9000
181.4	4911		9100
181.5	4965		9200
181.6	5019		9300
181.7	5073		9400
181.8	5127		9500
181.9	5181		9600
181.10	5235		9700
181.11	5289		9800
181.12	5343		9900
181.13	5397		10,000
181.14	any amount in excess of		
181.15	<u>5451</u>		<u>10,100</u>
181.16	5397 <u>5505</u>	10,000	<u>10,200</u>
181.17	<u>5559</u>		<u>10,300</u>
181.18	<u>5613</u>		<u>10,400</u>
181.19	<u>5667</u>		<u>10,500</u>
181.20	<u>5721</u>		<u>10,600</u>
181.21	<u>5775</u>		<u>10,700</u>
181.22	<u>5829</u>		<u>10,800</u>
181.23	<u>5883</u>		<u>10,900</u>
181.24	<u>5937</u>		<u>11,000</u>
181.25	<u>5991</u>		<u>11,100</u>
181.26	<u>6045</u>		<u>11,200</u>
181.27	<u>6099</u>		<u>11,300</u>
181.28	<u>6153</u>		<u>11,400</u>
181.29	<u>6207</u>		<u>11,500</u>
181.30	<u>6261</u>		<u>11,600</u>
181.31	<u>6315</u>		<u>11,700</u>
181.32	<u>6369</u>		<u>11,800</u>
181.33	<u>6423</u>		<u>11,900</u>
181.34	<u>6477</u>		<u>12,000</u>
181.35	<u>6531</u>		<u>12,100</u>
181.36	<u>6585</u>		<u>12,200</u>
181.37	<u>6639</u>		<u>12,300</u>
181.38	<u>6693</u>		<u>12,400</u>

182.1	<u>6747</u>	<u>12,500</u>
182.2	<u>6801</u>	<u>12,600</u>
182.3	<u>6855</u>	<u>12,700</u>
182.4	<u>6909</u>	<u>12,800</u>
182.5	<u>6963</u>	<u>12,900</u>
182.6	<u>7017</u>	<u>13,000</u>
182.7	<u>7071</u>	<u>13,100</u>
182.8	<u>7125</u>	<u>13,200</u>
182.9	<u>7179</u>	<u>13,300</u>
182.10	<u>7233</u>	<u>13,400</u>
182.11	<u>7287</u>	<u>13,500</u>
182.12	<u>7341</u>	<u>13,600</u>
182.13	<u>7395</u>	<u>13,700</u>
182.14	<u>7449</u>	<u>13,800</u>
182.15	<u>7503</u>	<u>13,900</u>
182.16	<u>7557</u>	<u>14,000</u>
182.17	<u>7611</u>	<u>14,100</u>
182.18	<u>7665</u>	<u>14,200</u>
182.19	<u>7719</u>	<u>14,300</u>
182.20	<u>7773</u>	<u>14,400</u>
182.21	<u>7827</u>	<u>14,500</u>
182.22	<u>7881</u>	<u>14,600</u>
182.23	<u>7935</u>	<u>14,700</u>
182.24	<u>7989</u>	<u>14,800</u>
182.25	<u>8043</u>	<u>14,900</u>
182.26	<u>8097</u>	<u>15,000</u>
182.27	<u>any amount in excess of</u>	
182.28	<u>8097</u>	<u>15,000</u>

182.29 (e) For a defined benefit relief association in which the governing bylaws provide for a
 182.30 monthly benefit service pension as an alternative form of service pension payment to a
 182.31 lump-sum service pension, the maximum service pension amount for each pension payment
 182.32 type must be determined using the applicable table contained in this subdivision.

182.33 (f) If a defined benefit relief association establishes a service pension in compliance
 182.34 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 182.35 amount of available financing per active covered firefighter is subsequently reduced because
 182.36 of a reduction in fire state aid or because of an increase in the number of active firefighters,
 182.37 the relief association may continue to provide the prior service pension amount specified

183.1 in its bylaws, but may not increase the service pension amount until the minimum average
183.2 amount of available financing per firefighter under the table in paragraph (c) or (d), whichever
183.3 applies, permits.

183.4 (g) No defined benefit relief association is authorized to provide a service pension in an
183.5 amount greater than the largest applicable flexible service pension maximum amount even
183.6 if the amount of available financing per firefighter is greater than the financing amount
183.7 associated with the largest applicable flexible service pension maximum.

183.8 (h) The method of calculating service pensions must be applied uniformly for all years
183.9 of active service. Credit must be given for all years of active service except for caps on
183.10 service credit if so provided in the bylaws of the relief association.

183.11 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) For relief associations other than the
183.12 Eden Prairie volunteer firefighters relief association, this section is effective January 1,
183.13 2018.

183.14 (b) For the Eden Prairie volunteer firefighters relief association, this section is effective
183.15 the day after the city council of Eden Prairie and its chief clerical officer timely complete
183.16 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, or January
183.17 1, 2018, whichever is earlier.

183.18 Sec. 18. Minnesota Statutes 2016, section 424A.02, subdivision 3a, is amended to read:

183.19 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
183.20 defined benefit relief association pays a service pension greater than the maximum service
183.21 pension associated with the applicable average amount of available financing per active
183.22 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,
183.23 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum
183.24 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the
183.25 state auditor shall:

183.26 (1) disqualify the municipality or the independent nonprofit firefighting corporation
183.27 associated with the relief association from receiving fire state aid by making the appropriate
183.28 notification to the municipality and the commissioner of revenue, with the disqualification
183.29 applicable for the next apportionment and payment of fire state aid; and

183.30 (2) order the treasurer of the applicable relief association to recover the amount of the
183.31 overpaid service pension or pensions from any retired firefighter who received an
183.32 overpayment.

184.1 (b) Fire state aid amounts from disqualified municipalities for the period of
184.2 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
184.3 insurance premium tax proceeds available for the next subsequent fire state aid
184.4 apportionment.

184.5 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
184.6 (2), must be credited to the amount of fire insurance premium tax proceeds available for
184.7 the next subsequent fire state aid apportionment.

184.8 (d) The determination of the state auditor that a relief association has paid a service
184.9 pension greater than the applicable maximum must be made on the basis of the information
184.10 filed by the relief association and the municipality with the state auditor under sections
184.11 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other
184.12 relevant information that comes to the attention of the state auditor. The determination of
184.13 the state auditor is final. An aggrieved municipality, relief association, or person may appeal
184.14 the determination under section 480A.06.

184.15 (e) The state auditor may certify, upon learning that a relief association overpaid a service
184.16 pension based on an error in the maximum service pension calculation, the municipality or
184.17 independent nonprofit firefighting corporation associated with the relief association for fire
184.18 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
184.19 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
184.20 (c), all overpayments recovered under this paragraph must be credited to the relief
184.21 association's special fund.

184.22 **EFFECTIVE DATE.** This section is effective January 1, 2018.

184.23 Sec. 19. Minnesota Statutes 2016, section 424A.02, subdivision 7, is amended to read:

184.24 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association
184.25 is entitled to a deferred service pension if the member separates from active service and
184.26 membership and has completed the minimum service and membership requirements in
184.27 subdivision 1. The requirement that a member separate from active service and membership
184.28 is waived for persons who have discontinued their volunteer firefighter duties and who are
184.29 employed on a full-time basis under section 424A.015, subdivision 1.

184.30 (b) The deferred service pension is payable when the former member reaches at least
184.31 age 50, or at least the minimum age specified in the bylaws governing the relief association
184.32 if that age is greater than age 50, and when the former member makes a valid written
184.33 application.

185.1 (c) A defined benefit relief association that provides a lump-sum service pension governed
185.2 by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred
185.3 lump-sum service pension during the period of deferral. If provided for in the bylaws, interest
185.4 must be paid in one of the following manners:

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

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

185.11 (3) at an interest rate of up to five percent, compounded annually, as set by the board of
185.12 trustees.

185.13 (d) Any change in the interest rate set by the board of trustees under paragraph (c), clause
185.14 (3), must be ratified by the governing body of the municipality or joint powers entity served
185.15 by the fire department to which the relief association is directly associated, or by the
185.16 independent nonprofit firefighting corporation, as applicable.

185.17 (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next
185.18 following the date on which the deferred service pension interest rate as set by the board of
185.19 trustees was ratified by the governing body of the municipality or joint powers entity served
185.20 by the fire department to which the relief association is directly associated, or by the
185.21 independent nonprofit firefighting corporation, as applicable.

185.22 (f) Unless the bylaws of a relief association that has elected to pay interest or additional
185.23 investment performance on deferred lump-sum service pensions under paragraph (c) specifies
185.24 a different interest or additional investment performance method, including the interest or
185.25 additional investment performance period starting date and ending date, the interest or
185.26 additional investment performance on a deferred service pension is creditable as follows:

185.27 (1) for a relief association that has elected to pay interest or additional investment
185.28 performance under paragraph (c), clause (1) or (3), beginning on the first day of the month
185.29 next following the date on which the member separates from active service and membership
185.30 and ending on the last day of the month immediately before the month in which the deferred
185.31 member commences receipt of the deferred service pension; or

185.32 (2) for a relief association that has elected to pay interest or additional investment
185.33 performance under paragraph (c), clause (2), beginning on the date that the member separates

186.1 from active service and membership and ending on the date that the separate investment
186.2 vehicle is valued immediately before the date on which the deferred member commences
186.3 receipt of the deferred service pension.

186.4 (g) For a deferred service pension that is transferred to a separate account established
186.5 and maintained by the relief association or separate investment vehicle held by the relief
186.6 association, the deferred member bears the full investment risk subsequent to transfer and
186.7 in calculating the accrued liability of the volunteer firefighters relief association that pays
186.8 a lump-sum service pension, the accrued liability for deferred service pensions is equal to
186.9 the separate relief association account balance or the fair market value of the separate
186.10 investment vehicle held by the relief association.

186.11 **EFFECTIVE DATE.** This section is effective January 1, 2018.

186.12 Sec. 20. Minnesota Statutes 2016, section 424A.04, subdivision 1, is amended to read:

186.13 Subdivision 1. **Membership.** (a) A relief association that is directly associated with a
186.14 municipal fire department must be managed by a board of trustees consisting of nine
186.15 members. Six trustees must be elected from the membership of the relief association and
186.16 three trustees must be drawn from the officials of the municipalities served by the fire
186.17 department to which the relief association is directly associated. The bylaws of a relief
186.18 association which provides a monthly benefit service pension may provide that one of the
186.19 six trustees elected from the relief association membership may be a retired member receiving
186.20 a monthly pension who is elected by the membership of the relief association. The three
186.21 municipal trustees must be one elected municipal official and one elected or appointed
186.22 municipal official who are designated as municipal representatives by the municipal
186.23 governing board annually and the chief of the municipal fire department.

186.24 (b) A relief association that is a subsidiary of an independent nonprofit firefighting
186.25 corporation must be managed by a board of trustees consisting of nine members. Six trustees
186.26 must be elected from the membership of the relief association, two trustees must be drawn
186.27 from the officials of the municipalities served by the fire department to which the relief
186.28 association is directly associated, and one trustee must be the fire chief serving with the
186.29 independent nonprofit firefighting corporation. The bylaws of a relief association may
186.30 provide that one of the six trustees elected from the relief association membership may be
186.31 a retired member receiving a monthly pension who is elected by the membership of the
186.32 relief association. The two municipal trustees must be elected or appointed municipal
186.33 officials, selected as follows:

187.1 (1) if only one municipality contracts with the independent nonprofit firefighting
187.2 corporation, the municipal trustees must be two officials of the contracting municipality
187.3 who are designated annually by the governing body of the municipality; or

187.4 (2) if two or more municipalities contract with the independent nonprofit corporation,
187.5 the municipal trustees must be one official from each of the two largest municipalities in
187.6 population who are designated annually by the governing bodies of the applicable
187.7 municipalities.

187.8 (c) The municipal trustees for a relief association that is directly associated with a fire
187.9 department operated as or by a joint powers entity must be the fire chief of the fire department
187.10 and two trustees designated annually by the joint powers board. The municipal trustees for
187.11 a relief association that is directly associated with a fire department service area township
187.12 must be the fire chief of the fire department and two trustees designated by the township
187.13 board.

187.14 (d) If a relief association lacks the municipal board members provided for in paragraph
187.15 (a), (b), or (c) because the fire department is not located in or associated with ~~an organized~~
187.16 a municipality, or joint powers entity, or township, the municipal board members must be
187.17 the fire chief of the fire department and two board members appointed from the fire
187.18 department service area by the board of commissioners of the applicable county.

187.19 (e) The term of the appointed municipal board members is one year or until the person's
187.20 successor is qualified, whichever is later.

187.21 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties
187.22 accorded to any other trustee, except the right to be an officer of the relief association board
187.23 of trustees.

187.24 (g) A board must have at least three officers, who are a president, a secretary and a
187.25 treasurer. These officers must be elected from among the elected trustees by either the full
187.26 board of trustees or by the relief association membership, as specified in the bylaws. In no
187.27 event may any trustee hold more than one officer position at any one time. The terms of the
187.28 elected trustees and of the officers of the board must be specified in the bylaws of the relief
187.29 association, but may not exceed three years. If the term of the elected trustees exceeds one
187.30 year, the election of the various trustees elected from the membership must be staggered
187.31 on as equal a basis as is practicable.

187.32 **EFFECTIVE DATE.** This section is effective January 1, 2018.

188.1 Sec. 21. Minnesota Statutes 2016, section 424A.07, is amended to read:

188.2 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
188.3 **OF RELIEF ASSOCIATIONS.**

188.4 Before paying any service pensions or retirement benefits under section 424A.02 or
188.5 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
188.6 contracting municipality under section 69.031, subdivision 5, an independent nonprofit
188.7 firefighting corporation shall establish a volunteer firefighters relief association governed
188.8 by this chapter.

188.9 **EFFECTIVE DATE.** This section is effective January 1, 2018.

188.10 Sec. 22. Minnesota Statutes 2016, section 424A.091, subdivision 3, is amended to read:

188.11 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
188.12 there exists a firefighters relief association as specified in subdivision 1 which does not
188.13 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
188.14 of any applicable special law relating to the funding or financing of the association does
188.15 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
188.16 sections 69.011 to 69.051 until the reason for the disqualification specified by the state
188.17 auditor is remedied, whereupon the municipality or relief association, if otherwise qualified,
188.18 is entitled to again receive fire state aid for the year occurring immediately subsequent to
188.19 the year in which the disqualification is remedied.

188.20 (b) The state auditor shall determine if a municipality to which a firefighters' relief
188.21 association is directly associated or a firefighters relief association fails to comply with the
188.22 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
188.23 applicable special law based upon the information contained in the annual financial report
188.24 of the firefighters relief association required under section 69.051, the actuarial valuation
188.25 of the relief association, if applicable, the relief association officers' financial requirements
188.26 of the relief association and minimum municipal obligation determination documentation
188.27 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
188.28 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
188.29 independent nonprofit firefighting corporation budget, if requested to be filed by the state
188.30 auditor, and any other relevant documents or reports obtained by the state auditor.

188.31 (c) The municipality or independent nonprofit firefighting corporation and the associated
188.32 relief association are not eligible to receive or to retain fire state aid if:

189.1 (1) the relief association fails to prepare or to file the financial report or financial
189.2 statement under section 69.051;

189.3 (2) the relief association treasurer is not bonded in the manner and in the amount required
189.4 by section 69.051, subdivision 2;

189.5 (3) the relief association officers fail to determine or improperly determine the accrued
189.6 liability and the annual accruing liability of the relief association under section 424A.092,
189.7 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

189.8 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
189.9 valuation or the officers file an actuarial valuation that does not contain the special fund
189.10 actuarial liability calculated under the entry age normal actuarial cost method, the special
189.11 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
189.12 normal cost under the entry age normal actuarial cost method, the amortization requirement
189.13 for the special fund unfunded actuarial accrued liability by the applicable target date, a
189.14 summary of the applicable benefit plan, a summary of the membership of the relief
189.15 association, a summary of the actuarial assumptions used in preparing the valuation, and a
189.16 signed statement by the actuary attesting to its results and certifying to the qualifications of
189.17 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

189.18 (5) the municipality failed to provide a municipal contribution, or the independent
189.19 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
189.20 equal to the minimum municipal obligation if the relief association is governed under section
189.21 424A.092, or the amount necessary, when added to the fire state aid actually received in
189.22 the plan year in question, to at least equal in total the calculated annual financial requirements
189.23 of the special fund of the relief association if the relief association is governed under section
189.24 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
189.25 failed to include the minimum municipal obligation certified under section 424A.092,
189.26 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
189.27 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
189.28 under section 424A.094, subdivision 2, in the corporate budget;

189.29 (6) the defined benefit relief association did not receive municipal ratification for the
189.30 most recent plan amendment when municipal ratification was required under section 424A.02,
189.31 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

189.32 (7) the relief association invested special fund assets in an investment security that is
189.33 not authorized under section 424A.095;

190.1 (8) the relief association had an administrative expense that is not authorized under
190.2 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not
190.3 authorized under section 424A.08;

190.4 (9) the relief association officers fail to provide a complete and accurate public pension
190.5 plan investment portfolio and performance disclosure under section 356.219;

190.6 (10) the relief association fails to obtain the acknowledgment from a broker of the
190.7 statement of investment restrictions under section 356A.06, subdivision 8b;

190.8 (11) the relief association officers permitted to occur a prohibited transaction under
190.9 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
190.10 of a prohibited transaction that did occur; or

190.11 (12) the relief association pays a defined benefit service pension in an amount that is in
190.12 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

190.13 **EFFECTIVE DATE.** This section is effective January 1, 2018.

190.14 Sec. 23. Minnesota Statutes 2016, section 424A.094, subdivision 3, is amended to read:

190.15 Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of
190.16 the special fund of the subsidiary relief association of the independent nonprofit firefighting
190.17 corporation shall be governed by the provisions of section 424A.05.

190.18 **EFFECTIVE DATE.** This section is effective January 1, 2018.

190.19 Sec. 24. Minnesota Statutes 2016, section 424A.10, subdivision 1, is amended to read:

190.20 Subdivision 1. **Definitions.** For purposes of this section:

190.21 (1) "qualified recipient" means ~~an individual~~ a volunteer firefighter who receives a
190.22 lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief
190.23 association or from the voluntary statewide lump-sum volunteer firefighter retirement plan
190.24 ~~for service that the individual has performed as a volunteer firefighter;~~

190.25 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
190.26 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
190.27 or children of a deceased active or deferred volunteer firefighter;

190.28 (3) "active volunteer firefighter" means a person who:

190.29 (i) regularly renders fire suppression service, the performance or supervision of authorized
190.30 fire prevention duties, or the performance or supervision of authorized emergency medical

191.1 response activities for a ~~municipal~~ fire department ~~or an independent nonprofit firefighting~~
 191.2 ~~corporation, who;~~

191.3 (ii) has met the statutory and other requirements for relief association membership; and
 191.4 ~~who~~

191.5 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
 191.6 member of the relief association or from the voluntary statewide lump-sum volunteer
 191.7 firefighter retirement plan for at least one month; ~~and~~

191.8 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

191.9 (i) terminated active firefighting service, the performance or supervision of authorized
 191.10 fire prevention duties, or the performance or supervision of authorized emergency medical
 191.11 response activities; and

191.12 (ii) has sufficient service credit from the applicable relief association or from the voluntary
 191.13 statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension
 191.14 under the bylaws of the relief association, but has not applied for or has not received the
 191.15 service pension; and

191.16 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
 191.17 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
 191.18 individuals whose services were used to perform emergency medical response duties or
 191.19 supervise emergency medical response activities if authorized under section 424A.01,
 191.20 subdivision 5a.

191.21 **EFFECTIVE DATE.** This section is effective January 1, 2018.

191.22 Sec. 25. Minnesota Statutes 2016, section 424B.20, subdivision 4, is amended to read:

191.23 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal
 191.24 obligations of the special fund of the volunteer firefighters relief association under subdivision
 191.25 3, the board of the relief association shall transfer the remaining assets of the special fund,
 191.26 as securities or in cash, as applicable, to the chief financial official of the municipality in
 191.27 which the associated fire department was located if the fire department was a municipal fire
 191.28 department or to the chief financial official of the municipality with the largest population
 191.29 served by the fire department if the fire department was an independent nonprofit firefighting
 191.30 corporation. If the fire department was a joint powers entity, the remaining assets of the
 191.31 special fund shall be transferred to the chief financial official of the municipality designated
 191.32 as the fiscal agent in the joint powers agreement or, if the agreement does not designate a
 191.33 municipality as the fiscal agent, the remaining assets of the special fund shall be transferred

192.1 to the chief financial official of the municipality with the largest population served by the
192.2 joint powers fire department. The board shall also compile a schedule of the relief association
192.3 members to whom a service pension is or will be owed, any beneficiary to whom a benefit
192.4 is owed, the amount of the service pension or benefit payable based on the applicable bylaws
192.5 and state law and the service rendered to the date of the dissolution, and the date on which
192.6 the pension or benefit would first be payable under the bylaws of the relief association and
192.7 state law.

192.8 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special
192.9 fund of a volunteer firefighters relief association that is dissolving under this section shall
192.10 establish a separate account in the municipal treasury which must function as a trust fund
192.11 for members of the volunteer firefighters relief association and their beneficiaries to whom
192.12 the volunteer firefighters relief association owes a service pension or other benefit under
192.13 the bylaws of the relief association and state law. Upon proper application, on or after the
192.14 initial date on which the service pension or benefit is payable, the municipal treasurer shall
192.15 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the
192.16 other records of the dissolved relief association. The trust fund under this section must be
192.17 invested and managed consistent with chapter 356A and section 424A.095. Upon payment
192.18 of the last service pension or benefit due and owing, any remaining assets in the trust fund
192.19 ~~cancel to the general fund of the municipality:~~ or, if the fire department was a joint powers
192.20 entity, any remaining assets in the trust fund cancel to the general fund of each municipality
192.21 that was a contracting party to the joint powers agreement as specified in the joint powers
192.22 agreement. If the joint powers agreement does not specify how the remaining assets are to
192.23 be distributed among the contracting parties, each of the contracting parties shall receive a
192.24 pro rata share of the remaining assets based on the proportion of total operating contributions
192.25 each contracting municipality made to the joint powers entity over the most recent ten
192.26 calendar years. If the special fund of the volunteer firefighters relief association had an
192.27 unfunded actuarial accrued liability upon dissolution, the municipality is liable for that
192.28 unfunded actuarial accrued liability. If the fire department was a joint powers entity, the
192.29 contracting municipalities are liable for their share of the unfunded actuarial accrued liability
192.30 as specified in the joint powers agreement. If the joint powers agreement does not specify
192.31 liability for any unfunded actuarial accrued liability, the contracting municipalities are liable
192.32 for their pro rata share of the unfunded actuarial accrued liability based on the proportion
192.33 of total operating contributions each contracting municipality made to the joint powers
192.34 entity over the most recent ten calendar years.

192.35 **EFFECTIVE DATE.** This section is effective January 1, 2018.

193.1 Sec. 26. **EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION**
193.2 **SERVICE PENSIONS; RETURN TO ACTIVE SERVICE.**

193.3 (a) Notwithstanding any provision of Minnesota Statutes, section 424A.01, subdivision
193.4 6, section 424A.02, subdivision 2, or any other provision of law to the contrary, if the bylaws
193.5 of the Eden Prairie volunteer firefighters relief association so provide, a former firefighter
193.6 who has received a lump-sum service pension or is receiving a monthly benefit service
193.7 pension and returns to active relief association membership under Minnesota Statutes,
193.8 section 424A.01, subdivision 6, paragraph (b), is entitled to receive an unreduced lump-sum
193.9 service pension for the resumption service period if the firefighter completes at least three
193.10 years of active service as an active member of the fire department during the resumption
193.11 service period and completes at least three years of active membership with the relief
193.12 association during the resumption service period.

193.13 (b) A lump-sum service pension must be calculated by applying the service pension
193.14 amount in effect on the date of the firefighter's termination of the resumption service for all
193.15 years of the resumption service. No firefighter may be paid a service pension more than
193.16 once for the same period of service. Payment of a lump-sum service pension shall have no
193.17 effect on the firefighter's previous service pension.

193.18 **EFFECTIVE DATE.** This section is effective the day after the Eden Prairie City Council
193.19 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
193.20 section 645.021, subdivisions 2 and 3.

193.21 Sec. 27. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**
193.22 **FIREFIGHTERS.**

193.23 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

193.24 (1) determine the amount of state aid required under the bylaws of the Austin Parttime
193.25 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

193.26 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental
193.27 state aid received under Minnesota Statutes, section 423A.022;

193.28 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire
193.29 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between
193.30 the amount determined under clause (1) and the amount transmitted under clause (2); and

193.31 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections
193.32 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters

194.1 covered by the public employees police and fire retirement plan under Minnesota Statutes,
194.2 section 353.65, subdivision 3.

194.3 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin
194.4 has no liability to the relief association related to payments it made or will make to the
194.5 public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015,
194.6 2016, and 2017.

194.7 (c) This section expires July 1, 2018.

194.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
194.9 city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021,
194.10 subdivisions 2 and 3, and applies retroactively from January 1, 2013.

194.11 Sec. 28. **FIRE STATE AID WORK GROUP.**

194.12 (a) The executive director of the Public Employees Retirement Association shall convene
194.13 a Fire State Aid Work Group to study and make recommendations to the Legislative
194.14 Commission on Pensions and Retirement on:

194.15 (1) the current requirement that all fire state aid provided to municipalities with
194.16 firefighters as defined in Minnesota Statutes, section 424A.001, subdivision 10, or 353G.01,
194.17 subdivision 15, must be used to fund service pensions governed by Minnesota Statutes,
194.18 chapter 424A or 353G; and

194.19 (2) modifying the requirement to allow municipalities to allocate a portion of fire state
194.20 aid to pay employer contributions on behalf of firefighters covered by the public employees
194.21 police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

194.22 (b) In making recommendations with information provided by Public Employees
194.23 Retirement Association and Legislative Commission on Pensions and Retirement staff, the
194.24 work group shall consider:

194.25 (1) the history and purpose of fire state aid;

194.26 (2) the history, purpose, and utilization of Minnesota Statutes 2012, section 353A.10,
194.27 subdivision 6, which allowed certain municipalities to allocate a portion of fire state aid to
194.28 pay public employees police and fire employer contributions;

194.29 (3) the impact on current volunteer firefighters, volunteer firefighter recruitment and
194.30 retention, and municipalities if fire state aid is allocated between service pensions and public
194.31 employees police and fire employer contributions; and

195.1 (4) a presentation by a city of Austin official and a representative from the Austin
195.2 Part-Time Firefighters Relief Association on the city of Austin's current allocation of fire
195.3 state aid.

195.4 (c) Members of the work group shall include:

195.5 (1) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

195.6 (2) two representatives of Minnesota fire chiefs, who are fire chiefs from fire departments
195.7 with both volunteer firefighters covered by either a volunteer firefighter relief association
195.8 governed by Minnesota Statutes, chapter 424A, or the voluntary statewide volunteer
195.9 firefighter retirement plan governed by Minnesota Statutes, chapter 353G, and firefighters
195.10 covered by the public employees police and fire retirement plan governed by Minnesota
195.11 Statutes, section 353.64, appointed by the Minnesota State Fire Chiefs Association;

195.12 (3) two representatives of Minnesota volunteer firefighters, who are active volunteer
195.13 firefighters, appointed by the Minnesota State Fire Departments Association;

195.14 (4) one representative of the Office of the State Auditor, designated by the state auditor;
195.15 and

195.16 (5) one representative of the Department of Revenue, designated by the commissioner
195.17 of revenue.

195.18 (d) The work group shall elect a chair from among its members.

195.19 (e) The work group shall submit a report by December 31, 2017, that contains the work
195.20 group's recommendations to the chair, vice-chair, and executive director of the Legislative
195.21 Commission on Pensions and Retirement. The report shall include recommendations
195.22 regarding:

195.23 (1) municipalities allocating a portion of fire state aid to pay employer contributions to
195.24 the public employees police and fire retirement plan;

195.25 (2) implementation of policies if fire state aid is divided, including the determination
195.26 of:

195.27 (i) the entities that will decide how the fire state aid is allocated;

195.28 (ii) how the allocation will be documented;

195.29 (iii) how the allocation may be amended, if at all;

195.30 (iv) what entity allocates the fire state aid; and

195.31 (v) whether a government agency must monitor and enforce the allocation;

196.1 (3) the scope of allowable allocations of fire state aid; and

196.2 (4) other issues the work group determines are relevant.

196.3 (e) The work group expires the day following the last day of the 2018 legislative session.

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

196.5 Sec. 29. **REPEALER.**

196.6 Minnesota Statutes 2016, section 424A.02, subdivision 13, is repealed.

196.7 **EFFECTIVE DATE.** This section is effective January 1, 2018.

196.8 **ARTICLE 16**

196.9 **MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

196.10 Section 1. Minnesota Statutes 2016, section 352.113, subdivision 2, is amended to read:

196.11 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
196.12 and permanent disability benefit, or someone acting on behalf of the employee upon proof
196.13 of authority satisfactory to the director, shall file a written application for benefits in the
196.14 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

196.15 (b) The application must be in a form and manner prescribed by the executive director.

196.16 (c) The benefit shall begin to accrue the day following the start of disability or the day
196.17 following the last day paid, whichever is later, but not earlier than 180 days before the date
196.18 the application is filed with the director.

196.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

196.20 Sec. 2. Minnesota Statutes 2016, section 352.91, subdivision 3f, is amended to read:

196.21 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
196.22 correctional service" means service by a state employee in one of the employment positions
196.23 specified in paragraph (b) in the state-operated forensic services program or the Minnesota
196.24 sex offender program if at least 75 percent of the employee's working time is spent in direct
196.25 contact with patients and the determination of this direct contact is certified to the executive
196.26 director by the commissioner of human services.

196.27 (b) The employment positions are:

196.28 (1) behavior analyst 2;

196.29 (2) behavior analyst 3;

- 197.1 (3) certified occupational therapy assistant 1;
- 197.2 (4) certified occupational therapy assistant 2;
- 197.3 (5) chemical dependency counselor senior;
- 197.4 (6) client advocate;
- 197.5 (7) clinical program therapist 2;
- 197.6 (8) clinical program therapist 3;
- 197.7 (9) clinical program therapist 4;
- 197.8 (10) customer services specialist principal;
- 197.9 (11) dental assistant registered;
- 197.10 (12) group supervisor;
- 197.11 (13) group supervisor assistant;
- 197.12 (14) human services support specialist;
- 197.13 (15) licensed alcohol and drug counselor;
- 197.14 (16) licensed practical nurse;
- 197.15 (17) management analyst 3;
- 197.16 (18) occupational therapist;
- 197.17 (19) occupational therapist, senior;
- 197.18 (20) physical therapist;
- 197.19 ~~(20)~~ (21) psychologist 1;
- 197.20 ~~(21)~~ (22) psychologist 2;
- 197.21 ~~(22)~~ (23) psychologist 3;
- 197.22 ~~(23)~~ (24) recreation program assistant;
- 197.23 ~~(24)~~ (25) recreation therapist lead;
- 197.24 ~~(25)~~ (26) recreation therapist senior;
- 197.25 ~~(26)~~ (27) rehabilitation counselor senior;
- 197.26 ~~(27)~~ (28) security supervisor;
- 197.27 ~~(28)~~ (29) skills development specialist;

- 198.1 ~~(29)~~ (30) social worker senior;
- 198.2 ~~(30)~~ (31) social worker specialist;
- 198.3 ~~(31)~~ (32) social worker specialist, senior;
- 198.4 ~~(32)~~ (33) special education program assistant;
- 198.5 ~~(33)~~ (34) speech pathology clinician;
- 198.6 ~~(34)~~ (35) work therapy assistant; and
- 198.7 ~~(35)~~ (36) work therapy program coordinator.

198.8 **EFFECTIVE DATE.** This section is effective on the first day of the first payroll period

198.9 occurring after the date of enactment and applies to prospective service only.

198.10 Sec. 3. Minnesota Statutes 2016, section 352.91, subdivision 3g, is amended to read:

198.11 Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional

198.12 service" means service by a state employee in one of the employment positions specified

198.13 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct

198.14 contact with inmates and the determination of this direct contact is certified to the executive

198.15 director by the commissioner of corrections.

198.16 (b) The qualifying employment positions are:

- 198.17 (1) corrections discipline unit supervisor;
- 198.18 (2) dental assistant registered;
- 198.19 (3) dental hygienist;
- 198.20 (4) food service supervisor;
- 198.21 (5) medical assistant, certified;
- 198.22 (6) psychologist 2; and
- 198.23 ~~(5)~~ (7) sentencing to service crew leader involved with the inmate community work
- 198.24 crew program.

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

199.1 Sec. 4. Minnesota Statutes 2016, section 352.91, is amended by adding a subdivision to
199.2 read:

199.3 Subd. 4c. **Department of Human Services; procedure for coverage change**
199.4 **considerations.** (a) The commissioner of human services shall appoint a standing review
199.5 committee to review and determine classifications or positions that may be included in
199.6 legislative requests for correctional state employees retirement plan coverage under
199.7 subdivision 4a.

199.8 (b) The department's human resources director shall convene a meeting of the review
199.9 committee only at the request of a labor organization or a member of the department's
199.10 management team.

199.11 (c) The review committee must review all requests and the supporting documentation
199.12 for coverage by the correctional state employees retirement plan and must make a
199.13 recommendation to the commissioner regarding which classifications or positions meet the
199.14 statutory requirements for coverage. The review committee must also make a
199.15 recommendation to the commissioner regarding classifications or positions that no longer
199.16 meet the statutory requirement for coverage by the correctional state employees retirement
199.17 plan and removal of the classification or position from the applicable statute.

199.18 (d) The department's human resources director must provide a notice of each
199.19 determination and of the employee's right to appeal the determination. Appeals must be
199.20 filed with the department's human resources director within 30 days of the date of the notice
199.21 of determination.

199.22 (e) The commissioner of human services shall review appeals of determinations for
199.23 coverage. The commissioner's determinations are final.

199.24 (f) All classifications or positions recommended by the review committee for inclusion
199.25 in or exclusion from the correctional state employees retirement plan must be forwarded to
199.26 the commissioner of human services for the preparation of legislation to implement the
199.27 coverage change and submission. If the commissioner determines that the employment
199.28 position is appropriate for inclusion in or exclusion from the correctional state employees
199.29 retirement plan, the commissioner shall submit a written recommendation documenting
199.30 classifications or positions that should or should not be covered by the correctional state
199.31 employees retirement plan. The department's human resources director must retain the
199.32 documentation of each request and the final determination.

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

200.1 Sec. 5. Minnesota Statutes 2016, section 352D.06, subdivision 1, is amended to read:

200.2 Subdivision 1. **Annuity; reserves.** When a participant attains at least age 55, terminates
 200.3 from covered service, and applies for a retirement annuity, the cash value of the participant's
 200.4 shares must be transferred to the general state employees retirement fund and ~~must~~ be used
 200.5 to provide an annuity for the ~~retired employee~~ participant based upon the participant's age
 200.6 when the benefit begins to accrue ~~according to the reserve basis used by the general state~~
 200.7 ~~employees retirement plan in determining pensions and reserves.~~

200.8 (a) Except for participants described in paragraph (b), the monthly amount of the annuity
 200.9 must be determined using the actuarial assumptions in effect for the general state employees
 200.10 retirement plan under section 356.215 on the accrual date.

200.11 (b) For any participant who retires on or after July 1, 2017, and before July 1, 2020,
 200.12 when the participant is at least age 63 or has had at least 26 years of covered service, the
 200.13 monthly amount of the annuity must be determined using the actuarial assumptions in effect
 200.14 for the general state employees retirement plan under section 356.215 on June 30, 2016.

200.15 Subd. 1a. **Postretirement adjustments.** The annuity under ~~this~~ subdivision 1 is eligible
 200.16 for postretirement adjustments under section 356.415.

200.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

200.18 Sec. 6. Minnesota Statutes 2016, section 352F.04, subdivision 1, is amended to read:

200.19 Subdivision 1. **Enhanced augmentation rates.** ~~(a)~~ The deferred annuity of a terminated
 200.20 hospital employee ~~who attained that status before June 2, 2006,~~ is subject to augmentation
 200.21 under Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of
 200.22 augmentation is ~~5.5 percent compounded annually until~~ to be applied each January 1 is the
 200.23 following the year in which the person attains age 55:

200.24	<u>January 1, 2018</u>	<u>4.5 percent</u>
200.25	<u>January 1, 2019</u>	<u>3.75 percent</u>
200.26	<u>January 1, 2020</u>	<u>3.0 percent</u>
200.27	<u>January 1, 2021</u>	<u>2.25 percent</u>
200.28	<u>January 1, 2022</u>	<u>1.5 percent</u>
200.29	<u>January 1, 2023</u>	<u>0.75 percent</u>

200.30 After December 31, 2023, the deferred annuity must not be augmented.

200.31 Augmentation for each year is effective as of January 1 of that year.

200.32 ~~From that date to the effective date of retirement, the augmentation rate is 7.5 percent~~
 200.33 ~~compounded annually.~~

201.1 ~~(b) If a terminated hospital employee attained that status on or after June 2, 2006, the~~
 201.2 ~~augmentation rate is four percent compounded annually until January 1, following the year~~
 201.3 ~~in which the person attains age 55. From that date to the effective date of retirement, the~~
 201.4 ~~augmentation rate is six percent compounded annually.~~

201.5 Sec. 7. Minnesota Statutes 2016, section 352F.04, subdivision 2, is amended to read:

201.6 Subd. 2. ~~Exceptions~~ **Exception.** The ~~increased~~ enhanced augmentation rates specified
 201.7 in subdivision 1 do not apply if the terminated hospital employee:

201.8 ~~(1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision~~
 201.9 ~~3; or~~

201.10 ~~(2) begins receipt of a retirement annuity under chapter 352 before age 62 while employed~~
 201.11 ~~by the employer which assumed operations of the medical facility or other public employing~~
 201.12 ~~unit or purchased the medical facility or other public employing unit.~~

201.13 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

201.14 Sec. 8. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to
 201.15 read:

201.16 Subd. 3. **Return to covered employment.** (a) If a terminated hospital employee becomes
 201.17 covered by a retirement plan enumerated in section 356.30, subdivision 3, the employee
 201.18 shall be entitled to whichever of the following annuities produces the highest monthly
 201.19 payment:

201.20 (1) the deferred annuity and augmentation to which the employee would have been
 201.21 entitled under subdivision 1 reduced by the dollar amount of any annuity earned under any
 201.22 enumerated retirement plan after the effective date defined in section 352F.02, subdivision
 201.23 3;

201.24 (2) a combined service annuity calculated under section 356.30; or

201.25 (3) an annuity calculated under section 352.72 for coverage by more than one retirement
 201.26 system using the augmentation rates set forth in section 352.72, subdivision 2, paragraph
 201.27 (a).

201.28 (b) This subdivision applies to any terminated hospital employee who begins to receive
 201.29 a retirement annuity under chapter 352 on or after July 1, 2015.

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

202.1 Sec. 9. **ANNUITY ADJUSTMENT.**

202.2 Under Minnesota Statutes, section 352F.04, subdivision 3, if any terminated hospital
202.3 employee began to receive a retirement annuity under Minnesota Statutes, chapter 352, as
202.4 adjusted under Minnesota Statutes, chapter 352F, on or after July 1, 2015, but prior to the
202.5 effective date of this section, the terminated hospital employee's annuity must be recalculated
202.6 under Minnesota Statutes, section 352F.04, subdivision 3, and, if the monthly amount as
202.7 recalculated exceeds the monthly amount being received by the terminated hospital employee,
202.8 the Minnesota State Retirement System shall:

202.9 (1) begin paying the recalculated monthly amount as of the first payment date after the
202.10 effective date of this section; and

202.11 (2) pay the sum of the difference between the amount the terminated hospital employee
202.12 received each month since commencement of the annuity and the amount the terminated
202.13 hospital employee would have received under Minnesota Statutes, section 352F.04,
202.14 subdivision 3, for that month. The sum of the difference each month shall be paid in a lump
202.15 sum to the terminated hospital employee along with the first payment of the recalculated
202.16 amount under clause (1).

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

202.18 Sec. 10. **COVERAGE TRANSFER DATES.**

202.19 (a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3g,
202.20 paragraph (b), clause (4), also covers employment in that position on or after April 18, 2016,
202.21 for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

202.22 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3g,
202.23 paragraph (b), clause (5), is prospective only.

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

202.25 **ARTICLE 17**202.26 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

202.27 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 43, is amended to read:

202.28 Subd. 43. **Line of duty death.** "Line of duty death" means:

202.29 (1) a death that occurs while performing or as a direct result of performing normal or
202.30 less frequent duties which are specific to protecting the property and personal safety of

203.1 others and that present inherent dangers that are specific to the positions covered by the
203.2 public employees police and fire plan; or

203.3 (2) a death that is determined by the commissioner of public safety to meet the
203.4 requirements of section 299A.41, subdivision 3.

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

203.6 Sec. 2. Minnesota Statutes 2016, section 353G.01, subdivision 9, is amended to read:

203.7 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section
203.8 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5); a city or township that has
203.9 entered into a contract with an independent nonprofit firefighting corporation, or a city or
203.10 township that has entered into a contract with a joint powers entity established under section
203.11 471.59.

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

203.13 Sec. 3. Minnesota Statutes 2016, section 353G.01, is amended by adding a subdivision to
203.14 read:

203.15 Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief
203.16 association established under chapter 424A to which records, assets, and liabilities related
203.17 to lump-sum or monthly benefits for active and former firefighters will be transferred from
203.18 the retirement fund upon satisfaction of the requirements of section 353G.17.

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

203.20 Sec. 4. Minnesota Statutes 2016, section 353G.02, subdivision 6, is amended to read:

203.21 Subd. 6. **Initial administrative expenses of the monthly benefit retirement division;**
203.22 **allocation of reimbursement.** (a) The administration expenses incurred by the Public
203.23 Employees Retirement Association in the establishment of the monthly benefit retirement
203.24 division of the voluntary statewide volunteer firefighter retirement plan, including any
203.25 computer programming expenses and any actuarial consultant expenses, are payable from
203.26 the assets of the initial monthly benefit volunteer firefighter relief association that elects to
203.27 transfer its administration to the voluntary statewide volunteer firefighter retirement plan,
203.28 following the transfer of assets.

203.29 ~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be~~
203.30 ~~reimbursed by the next nine monthly benefit volunteer firefighter relief associations that~~
203.31 ~~transfer plan administration to the voluntary statewide volunteer firefighter retirement plan.~~

204.1 ~~The reimbursement charge for each of the nine is three-tenths of one percent of the market~~
204.2 ~~value of assets of the volunteer firefighter relief association as of December 31, 2012. The~~
204.3 ~~reimbursement amounts, up to the amount of administrative expenses actually incurred~~
204.4 ~~under paragraph (a) in excess of \$33,600, must be credited to the account of the fire~~
204.5 ~~department associated with the former monthly benefit volunteer firefighter relief association~~
204.6 ~~that first transferred plan administration to the volunteer firefighter retirement plan.~~

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

204.8 Sec. 5. Minnesota Statutes 2016, section 353G.03, subdivision 3, is amended to read:

204.9 Subd. 3. **Composition.** (a) The advisory board consists of ~~eight~~ ten members.

204.10 (b) The advisory board members are:

204.11 (1) one representative of Minnesota townships, appointed by the Minnesota Association
204.12 of Townships;

204.13 (2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

204.14 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
204.15 Minnesota State Fire Chiefs Association;

204.16 (4) two representatives of Minnesota volunteer firefighters, all who are active volunteer
204.17 firefighters, one of whom is covered by the lump-sum retirement division and one of whom
204.18 is covered by the monthly benefit retirement division, appointed by the Minnesota State
204.19 Fire Chiefs Association;

204.20 (5) ~~one representative~~ three representatives of Minnesota volunteer firefighters who ~~is~~
204.21 are covered by the lump-sum retirement division, appointed by the Minnesota State Fire
204.22 Departments Association; and

204.23 (6) one representative of the Office of the State Auditor, designated by the state auditor.

204.24 Sec. 6. Minnesota Statutes 2016, section 353G.08, subdivision 3, is amended to read:

204.25 Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement
204.26 account or of a monthly benefit retirement account of the retirement fund may only be
204.27 disbursed for:

204.28 (1) the administrative expenses of the retirement plan;

204.29 (2) the investment expenses of the retirement fund;

204.30 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;

205.1 (4) the survivor benefits payable under section 353G.12; ~~and~~

205.2 (5) the disability benefit coverage insurance premiums under section 353G.115; and

205.3 (6) a transfer of assets under section 353G.17.

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

205.5 Sec. 7. Minnesota Statutes 2016, section 353G.11, subdivision 1, is amended to read:

205.6 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as
205.7 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides
205.8 the following levels of service pension amounts per full year of good time service credit to
205.9 be selected at the election of coverage:

205.10 (1) a minimum service pension level of \$500 per year;

205.11 (2) a maximum service pension level ~~of \$7,500 per year~~ equal to the largest amount
205.12 permitted under section 424A.02, subdivision 3, paragraph (d), as a maximum lump-sum
205.13 service pension amount payable for each year of service; and

205.14 (3) ~~69~~ service pension levels between the minimum level and the maximum level in
205.15 \$100 increments.

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

205.17 Sec. 8. **[353G.17] TRANSFER AUTHORIZED.**

205.18 Subdivision 1. **Entity to initiate transfer.** (a) An entity operating a fire department with
205.19 firefighters who are covered by the retirement plan may initiate the transfer of records,
205.20 assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the
205.21 retirement plan to a relief association that, at the time of the transfer, will be associated with
205.22 the entity. The entity may be a municipality, an independent nonprofit firefighting
205.23 corporation, or a joint powers entity.

205.24 (b) A transfer is initiated by filing with the executive director the following:

205.25 (1) a notice of intent to initiate a transfer;

205.26 (2) a copy of the resolutions of the entity approving the transfer of records, assets, and
205.27 liabilities from the retirement plan to a relief association; and

205.28 (3) for each firefighter, the firefighter's name, address, telephone number, and e-mail
205.29 address, if any.

205.30 (c) The notice shall inform the executive director of the following:

- 206.1 (1) the transfer effective date, which shall comply with paragraph (d);
- 206.2 (2) the name of the relief association and the municipality, independent nonprofit
- 206.3 firefighting corporation, or joint powers entity with which the relief association is associated;
- 206.4 and
- 206.5 (3) a summary of the type and level of pension or retirement benefits, including any
- 206.6 ancillary benefits, provided by the relief association or, in the case of a new relief association,
- 206.7 to be provided, and related terms and conditions.
- 206.8 (d) If the notice of intent to transfer is filed with the executive director before September
- 206.9 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed
- 206.10 after August 31, the transfer takes effect on the January 1 following the one-year anniversary
- 206.11 of the filing of the notice.
- 206.12 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
- 206.13 and liabilities from the retirement plan to a relief association may occur, the board of trustees
- 206.14 of the relief association shall adopt resolutions as follows:
- 206.15 (1) approving and accepting the transfer of records, assets, and liabilities from the
- 206.16 retirement plan; and
- 206.17 (2) amending the bylaws of the relief association as necessary to add the firefighters
- 206.18 whose benefits are being transferred from the retirement plan and to provide that each benefit
- 206.19 being transferred retains vesting, distribution, and other rights to which the firefighter, for
- 206.20 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
- 206.21 the date of the transfer.
- 206.22 The board of trustees shall file a copy of the resolutions with the executive director.
- 206.23 (b) The board of trustees of the relief association shall file with the state auditor the
- 206.24 following:
- 206.25 (1) a copy of the resolutions required under paragraph (a);
- 206.26 (2) a copy of the bylaws of the relief association and any bylaw amendments;
- 206.27 (3) a copy of the relief association's investment policy;
- 206.28 (4) a statement that a board of trustees has been duly elected and each trustee's name,
- 206.29 address, telephone number, and e-mail address, if any;
- 206.30 (5) a copy of the most recent annual financial, investment, and plan administration report
- 206.31 filed under section 69.051, unless the due date for the first such report has not yet occurred;
- 206.32 and

207.1 (6) a copy of the documentation indicating that a special fund has been established with
207.2 a financial institution to receive a transfer of assets from the retirement plan.

207.3 (c) Upon receipt of the information and documents required under paragraph (b), the
207.4 state auditor shall issue to the relief association and the executive director written
207.5 confirmation of receipt of all required information and documents.

207.6 Subd. 3. **Approval by the firefighters.** (a) A transfer under subdivision 1 shall not occur
207.7 unless the active firefighters whose benefits are to be transferred from the retirement plan
207.8 to a relief association approve the transfer by a vote of the firefighters conducted by the
207.9 executive director.

207.10 (b) The approval of the firefighters shall be determined by a vote of all active firefighters
207.11 whose benefits are to be transferred. An affirmative vote of a majority of the firefighters
207.12 voting shall constitute approval.

207.13 (c) The executive director shall provide a voting ballot and the following to each active
207.14 firefighter:

207.15 (1) a summary of the benefits currently provided to the firefighters under the retirement
207.16 plan;

207.17 (2) a copy of the resolutions of the municipality approving the transfer;

207.18 (3) a copy of the resolutions of the board of trustees approving the transfer;

207.19 (4) a copy of the notice of intent to transfer required under subdivision 1;

207.20 (5) a copy of the state auditor's confirmation required under subdivision 2, paragraph
207.21 (c); and

207.22 (6) the instructions and time frame for voting. Firefighters shall be given no less than
207.23 30 days in which to vote.

207.24 (d) The vote of any firefighter, including whether or not the firefighter voted, shall not
207.25 be disclosed to any officer or member of the staff of the municipality or to any officer,
207.26 trustee, or member of the staff of the relief association.

207.27 (e) The executive director shall tally the votes and report the results to the relief
207.28 association and the municipality.

207.29 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under
207.30 subdivisions 1 to 3, the retirement plan shall transfer to the relief association as of the
207.31 effective date identified in the notice under subdivision 1, the records, assets, and liabilities
207.32 related to the former and current firefighters with benefits under the retirement plan, along

208.1 with any assets in excess of liabilities credited to the lump-sum account or the monthly
208.2 benefit retirement account attributable to the firefighters and the municipality.

208.3 (b) The executive director:

208.4 (1) shall transfer the assets in cash;

208.5 (2) shall transfer any accounts receivable associated with the lump-sum account or
208.6 monthly benefit retirement account;

208.7 (3) shall settle any accounts payable from the account before the transfer; and

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

208.10 Subd. 5. **Relief association obligations and rights upon transfer from the retirement**

208.11 **plan.** (a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement
208.12 account, the pension liabilities attributable to the benefits for the former and current
208.13 firefighters shall become the obligation of the special fund of the relief association.

208.14 (b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement
208.15 account, the board of trustees of the relief association has legal title to and management
208.16 responsibility for the transferred assets as trustees for persons having a beneficial interest
208.17 in those assets arising out of the benefit coverage provided by the account.

208.18 (c) The relief association is the successor in interest with respect to all claims against
208.19 the retirement plan relating to the transferred lump-sum account or monthly benefit retirement
208.20 account, except for claims alleging any act or acts by the retirement plan or its fiduciaries
208.21 that were not done in good faith or that constituted a breach of fiduciary responsibility under
208.22 chapter 356A.

208.23 (d) The value of each volunteer firefighter's benefit in the retirement plan on the day
208.24 before the asset transfer shall be no less than the value of the volunteer firefighter's benefit
208.25 on the day after the asset transfer. The relief association shall give credit, with respect to
208.26 each firefighter whose benefit is being transferred, for all past service, including service
208.27 credit with the retirement plan and with any predecessor relief association, to the extent
208.28 credit is given for such service in the records of the retirement plan for that firefighter.

208.29 (e) Upon completion of the transfer of records, assets, and liabilities, the executive
208.30 director shall provide written notice to the state auditor, the commissioner of revenue, and
208.31 the secretary of state that the transfer is complete.

209.1 Subd. 6. **Failure to obtain approval, certification, or verification.** If the municipality,
 209.2 board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or
 209.3 the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets,
 209.4 and liabilities from the retirement plan to the relief association shall not occur.

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

209.6 **Sec. 9. BROOK PARK; LOWERING SERVICE PENSION LEVEL.**

209.7 (a) Notwithstanding any law to the contrary, the Public Employees Retirement Association
 209.8 must lower the annual service pension level for the Brook Park lump-sum account benefits
 209.9 payable to its volunteer firefighters under Minnesota Statutes, section 353G.11, subdivision
 209.10 2, from \$1,200 to \$600, retroactively from January 1, 2016.

209.11 (b) The city of Brook Park must annually review the service pension level to determine
 209.12 if the level is appropriate, taking into account the city's need to recruit and retain volunteer
 209.13 firefighters.

209.14 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.
 209.15 Paragraph (b) is effective the day after the governing body of the city of Brook Park and
 209.16 its chief clerical officer timely complete their compliance with Minnesota Statutes, section
 209.17 645.021, subdivisions 2 and 3.

209.18 **ARTICLE 18**

209.19 **GENERALLY APPLICABLE RETIREMENT CHANGES**

209.20 Section 1. Minnesota Statutes 2016, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

210.1 (5) for employees other than personnel employed by the Board of Trustees of the
210.2 Minnesota State Colleges and Universities and covered under the Higher Education
210.3 Supplemental Retirement Plan under chapter 354C, but including city managers covered
210.4 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
210.5 (a), or by the defined contribution plan of the Public Employees Retirement Association
210.6 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
210.7 provided for in a personnel policy of the public employer or in the collective bargaining
210.8 agreement between the public employer and the exclusive representative of public employees
210.9 in an appropriate unit or in the individual employment contract between a city and a city
210.10 manager, and if for each available investment all fees and historic rates of return for the
210.11 prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily
210.12 comprehended document not to exceed two pages, in an amount matching employee
210.13 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
210.14 one-half of the available elective deferral permitted per year per employee, under the Internal
210.15 Revenue Code:

210.16 (i) to the state of Minnesota deferred compensation plan under section 352.965;

210.17 (ii) in payment of the applicable portion of the contribution made to any investment
210.18 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
210.19 complied with any applicable pension plan provisions of the Internal Revenue Code with
210.20 respect to the tax-sheltered annuity program during the preceding calendar year; or

210.21 (iii) any other deferred compensation plan offered by the employer under section 457
210.22 of the Internal Revenue Code;

210.23 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
210.24 and Universities and not covered by clause (5), to the supplemental retirement plan under
210.25 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in
210.26 the collective bargaining agreement of the public employer with the exclusive representative
210.27 of the covered employees in an appropriate unit, in an amount matching employee
210.28 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
210.29 \$2,700 a year for each employee;

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

211.1 (8) to the laborers national industrial pension fund or to a laborers local pension fund
211.2 for the employees of a governmental subdivision who are covered by a collective bargaining
211.3 agreement that provides for coverage by that fund and that sets forth a fund contribution
211.4 rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

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

211.10 (10) to the international union of operating engineers pension fund for the employees
211.11 of a governmental subdivision who are covered by a collective bargaining agreement that
211.12 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
211.13 exceed an employer contribution of \$5,000 per year per employee;

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

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

211.21 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
211.22 deferred compensation program, if the employee makes a contribution, in an amount that
211.23 does not exceed the total percentage of covered salary under section 353.27, subdivisions
211.24 3 and 3a;

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

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

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

212.1 **Sec. 2. [356.631] ADDITIONAL SOURCES OF FUNDING.**

212.2 Notwithstanding any other provision of law to the contrary, in addition to all sources of
 212.3 funding described in Minnesota Statutes, section 356.63, paragraphs (a) and (b), any public
 212.4 retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is authorized
 212.5 to accept, at its discretion, for deposit in its fund the following:

- 212.6 (1) gifts;
- 212.7 (2) donations;
- 212.8 (3) bequests; and
- 212.9 (4) life insurance death benefits.

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

212.11 **Sec. 3. REPEALER.**

212.12 Minnesota Statutes 2016, sections 352.04, subdivision 11; and 353.34, subdivision 6,
 212.13 are repealed.

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

212.15 **ARTICLE 19**

212.16 **SMALL GROUP RETIREMENT CHANGES**

212.17 **Section 1. MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**
 212.18 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

212.19 (a) Notwithstanding any provision of law to the contrary, an eligible person described
 212.20 in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c)
 212.21 and, if the service credit purchase is made, to have an effective start date for active retirement
 212.22 plan membership of June 1, 1989, and to retire under Minnesota Statutes, section 352.116,
 212.23 subdivision 1.

212.24 (b) An eligible person is a person who:

- 212.25 (1) was born on the dates as follows:
- 212.26

<u>employee</u>	<u>birth date</u>
<u>A</u>	<u>October 2, 1968</u>
<u>B</u>	<u>June 12, 1965</u>
<u>C</u>	<u>August 10, 1958</u>
<u>D</u>	<u>April 29, 1963</u>

213.1	<u>E</u>	<u>April 11, 1955</u>
213.2	<u>F</u>	<u>August 13, 1966</u>
213.3	<u>G</u>	<u>April 22, 1961</u>
213.4	<u>H</u>	<u>December 31, 1958</u>
213.5	<u>I</u>	<u>October 10, 1966</u>
213.6	<u>J</u>	<u>February 4, 1961</u>
213.7	<u>K</u>	<u>August 21, 1963</u>
213.8	<u>L</u>	<u>January 23, 1960</u>
213.9	<u>M</u>	<u>September 19, 1966</u>
213.10	<u>N</u>	<u>November 3, 1961</u>
213.11	<u>O</u>	<u>June 13, 1958</u>
213.12	<u>P</u>	<u>June 23, 1954</u>
213.13	<u>Q</u>	<u>October 20, 1956</u>
213.14	<u>R</u>	<u>July 28, 1955</u>
213.15	<u>S</u>	<u>May 6, 1960</u>
213.16	<u>T</u>	<u>March 19, 1966</u>
213.17	<u>U</u>	<u>August 19, 1966</u>
213.18	<u>V</u>	<u>March 14, 1959</u>

213.19 (2) became an employee of the Minnesota Department of Transportation prior to July
 213.20 1, 1989, in a position which was not covered by the general state employees retirement plan
 213.21 of the Minnesota State Retirement System;

213.22 (3) was eventually employed as a permanent employee after June 30, 1989, and covered
 213.23 by the general state employees retirement plan of the Minnesota State Retirement System
 213.24 on the dates as follows:

213.25	<u>employee</u>	<u>membership record date</u>
213.26	<u>A</u>	<u>September 27, 1989</u>
213.27	<u>B</u>	<u>September 27, 1989</u>
213.28	<u>C</u>	<u>September 26, 1989</u>
213.29	<u>D</u>	<u>September 27, 1989</u>
213.30	<u>E</u>	<u>September 26, 1989</u>
213.31	<u>F</u>	<u>September 13, 1989</u>
213.32	<u>G</u>	<u>September 1, 1989</u>
213.33	<u>H</u>	<u>September 27, 1989</u>
213.34	<u>I</u>	<u>September 27, 1989</u>
213.35	<u>J</u>	<u>September 13, 1989</u>
213.36	<u>K</u>	<u>September 13, 1989</u>
213.37	<u>L</u>	<u>September 26, 1989</u>

214.1	<u>M</u>	<u>August 30, 1989</u>
214.2	<u>N</u>	<u>September 26, 1989</u>
214.3	<u>O</u>	<u>September 13, 1989</u>
214.4	<u>P</u>	<u>September 27, 1989</u>
214.5	<u>Q</u>	<u>September 27, 1989</u>
214.6	<u>R</u>	<u>September 27, 1989</u>
214.7	<u>S</u>	<u>September 13, 1989</u>
214.8	<u>T</u>	<u>September 13, 1989</u>
214.9	<u>U</u>	<u>September 27, 1989</u>
214.10	<u>V</u>	<u>September 26, 1989</u>

214.11 (4) was sent annual statements by the Minnesota State Retirement System between July
 214.12 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under Minnesota
 214.13 Statutes, section 352.116, subdivision 1; and

214.14 (5) was sent notification from the Minnesota State Retirement System revising the start
 214.15 date for general state employees retirement plan membership from a date before July 1,
 214.16 1989, to a date after June 30, 1989, and indicating consequent inapplicability of Minnesota
 214.17 Statutes, section 352.116, subdivision 1.

214.18 (c) An eligible person may purchase allowable service credit in the general state
 214.19 employees retirement plan of the Minnesota State Retirement System by paying an amount
 214.20 equal to the employer contributions and employee contributions that would have been paid
 214.21 from June 1, 1989, to the end of the month prior to the date the employee entered covered
 214.22 service plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
 214.23 compounded annually on the combined employer and employee contribution amount from
 214.24 the date the contributions would have been paid to the date the Minnesota State Retirement
 214.25 System receives payment for this service credit purchase. The payment must be made in a
 214.26 lump sum.

214.27 (d) An eligible person who purchases allowable service credit under paragraph (c) has
 214.28 a June 1, 1989, start date for the purpose of allowable service credited by the general state
 214.29 employees retirement plan of the Minnesota State Retirement System and is eligible for a
 214.30 retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

214.31 (e) Authority to purchase prior uncredited service credit under this section expires one
 214.32 year from the effective date of this section.

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

215.1 Sec. 2. PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST. CLOUD
215.2 STATE UNIVERSITY EMPLOYEE.

215.3 (a) Notwithstanding any provision of law to the contrary, an eligible person described
215.4 in paragraph (b) is entitled to purchase from the general employees retirement plan of the
215.5 Public Employees Retirement Association allowable service credit under Minnesota Statutes,
215.6 section 353.01, subdivision 16, for the period of service described in paragraph (c).

215.7 (b) An eligible person is a person who:

215.8 (1) was born on September 1, 1960;

215.9 (2) was an employee of St. Cloud State University on March 14, 2016;

215.10 (3) was a member of the general employees retirement plan of the Public Employees
215.11 Retirement Association on March 14, 2016;

215.12 (4) was employed by St. Cloud Technical College on April 1, 1993, and was a member
215.13 of the general employees retirement plan of the Public Employees Retirement Association;
215.14 and

215.15 (5) changed employment within St. Cloud State University on February 22, 2006, and
215.16 was erroneously placed into the higher education individual retirement account plan from
215.17 February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and Universities
215.18 system.

215.19 (c) The period of uncredited service authorized for purchase is the period of February
215.20 22, 2006, until May 10, 2011, during which time the eligible person was erroneously placed
215.21 into and contributed to the higher education individual retirement account plan.

215.22 (d) The eligible person's member contributions to the higher education individual
215.23 retirement account plan must be transferred to the Public Employees Retirement Association
215.24 with any earned investment returns on those contributions. The eligible person must pay
215.25 the member contributions that the eligible person would have made to the Public Employees
215.26 Retirement Association on the eligible person's compensation from the Minnesota State
215.27 Colleges and Universities system for the period of service described in paragraph (c) as if
215.28 the person had been covered by the Public Employees Retirement Association during the
215.29 period, plus annual compound interest on that amount at the rate of 8.5 percent from February
215.30 22, 2006, until June 30, 2015, and eight percent from July 1, 2015, until the date on which
215.31 payment is made to the Public Employees Retirement Association, less the transferred
215.32 member contributions and investment earnings.

216.1 (e) Upon transfer of the equivalent member contribution amount and any additional
216.2 payments under paragraph (d), the balance of the eligible person's higher education individual
216.3 retirement account plan account must be transferred to the Public Employees Retirement
216.4 Association within 60 days following the receipt of the eligible person's payment under
216.5 paragraph (d).

216.6 (f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota State
216.7 Colleges and Universities system shall pay the prior service credit purchase payment amount
216.8 calculated under Minnesota Statutes, section 356.551, less any amounts received under
216.9 paragraphs (d) and (e), within 60 days following the receipt of the eligible person's payment
216.10 under paragraph (d).

216.11 (g) Upon the transfers and payments under paragraph (f), the eligible person must be
216.12 credited by the Public Employees Retirement Association with allowable service credit for
216.13 Minnesota State Colleges and Universities System employment from February 22, 2006,
216.14 until May 10, 2011.

216.15 (h) Authority to make a service credit purchase under this section expires one year from
216.16 the effective date of this section.

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

216.18 **Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**
216.19 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

216.20 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B, to the
216.21 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
216.22 member of the Teachers Retirement Association and to purchase service and salary credit
216.23 in the Teachers Retirement Association coordinated plan retroactively from July 1, 2001,
216.24 upon repaying a member contribution refund taken from the general employees retirement
216.25 plan of the Public Employees Retirement Association under paragraph (c), upon making
216.26 an election under paragraph (e), and upon making all required payments under paragraphs
216.27 (f) and (g).

216.28 (b) An eligible person is a person who:

216.29 (1) was born April 4, 1956;

216.30 (2) was employed by a governmental subdivision in 1995, with retirement coverage in
216.31 the general employees retirement plan of the Public Employees Retirement Association,
216.32 for which a refund of member contributions and interest was taken before 2001;

217.1 (3) was employed by St. Cloud State University in the late 1990s, with retirement
217.2 coverage in the general state employees retirement plan of the Minnesota State Retirement
217.3 System;

217.4 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001, with
217.5 retirement coverage in the higher education individual retirement account plan; and

217.6 (5) was not informed of the option to elect Teachers Retirement Association coverage
217.7 in the coverage election authorized by Minnesota Statutes 2001, section 354B.21, so remained
217.8 in the higher education individual retirement account plan.

217.9 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
217.10 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35, subdivision
217.11 1, paragraph (c).

217.12 (d) Authority to repay a refund under this section expires one year from the effective
217.13 date of this section.

217.14 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
217.15 person must submit a written application to the executive director of the Teachers Retirement
217.16 Association on a form provided by the Teachers Retirement Association. The application
217.17 must include all documentation of the applicability of this section and any other relevant
217.18 information that the executive director may require. Teachers Retirement Association plan
217.19 membership commences after the date of the retirement coverage election under this section
217.20 and past salary and service credit is granted for past Minnesota State Colleges and
217.21 Universities system employment from July 1, 2001, until the executive director receives
217.22 the written application specified in this paragraph and receipts of the payments specified in
217.23 paragraphs (c), (f), and (g). Coverage by the Teachers Retirement Association is in lieu of
217.24 coverage by the individual retirement account plan.

217.25 (f) If the eligible person makes the retirement coverage election under paragraph (e),
217.26 the eligible person's member contributions to the higher education individual retirement
217.27 account plan must be transferred to the Teachers Retirement Association with any earned
217.28 investment returns on those contributions. If the transferred member contributions and
217.29 investment earnings are less than the calculated amount of the member contributions that
217.30 the eligible person would have made to the Teachers Retirement Association on the eligible
217.31 person's compensation from the Minnesota State Colleges and Universities system for the
217.32 period from July 1, 2001, to the date of the retirement coverage election if the person had
217.33 been covered by the Teachers Retirement Association during the period, plus annual
217.34 compound interest at the rate of 8.5 percent, then the eligible person shall pay the balance

218.1 of that calculated member contribution obligation within 30 days of the retirement coverage
218.2 election.

218.3 (g) Upon the transfer of the equivalent member contribution amount and any additional
218.4 payment under paragraph (f), the balance of the eligible person's higher education individual
218.5 retirement account plan account must be transferred to the Teachers Retirement Association.
218.6 If the amounts under paragraph (f) and the individual retirement account plan balance under
218.7 this paragraph are less than the prior service credit purchase payment amount calculated
218.8 under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities
218.9 system shall pay the difference within 60 days of the retirement election date.

218.10 (h) The authority to make a retirement coverage election under this section expires one
218.11 year from the effective date of this section.

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

218.13 **Sec. 4. TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY AND**
218.14 **TECHNICAL COLLEGE FACULTY MEMBERS.**

218.15 (a) Notwithstanding any provision of law to the contrary, an eligible person described
218.16 in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement
218.17 Association and to purchase service and salary credit in the Teachers Retirement Association
218.18 coordinated plan retroactive from July 19, 2000, or September 15, 2000, whichever is
218.19 applicable, upon making an election under paragraph (c) and upon making all required
218.20 payments under paragraphs (d) and (e).

218.21 (b) An eligible person is a person who:

218.22 (1) either:

218.23 (i) was born on September 25, 1964, and has been employed at Mesabi Range Community
218.24 and Technical College and a contributing member of the higher education individual
218.25 retirement account plan since July 19, 2000; or

218.26 (ii) was born on October 15, 1963, and has been employed at Mesabi Range Community
218.27 and Technical College and a contributing member of the higher education individual
218.28 retirement account plan since September 15, 2000;

218.29 (2) was classified in the unlimited full-time category on August 21, 2012;

218.30 (3) became eligible for an election of Teachers Retirement Association coverage under
218.31 Laws 2009, chapter 169, article 6, section 1; and

219.1 (4) was not offered an election of Teachers Retirement Association coverage by the
219.2 Minnesota State Colleges and Universities system.

219.3 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
219.4 person must submit a written application to the executive director of the Teachers Retirement
219.5 Association on a form provided by the Teachers Retirement Association. The application
219.6 must include all documentation of the applicability of this section and any other relevant
219.7 information that the executive director may require. Teachers Retirement Association plan
219.8 membership commences after the date of the retirement coverage election under this section
219.9 and past salary and service credit is granted for past Minnesota State Colleges and
219.10 Universities system employment from July 19, 2000, or September 15, 2000, whichever is
219.11 applicable, until the executive director receives the written application specified in this
219.12 paragraph and receipts of the payments specified in paragraphs (d) and (e). Coverage by
219.13 the Teachers Retirement Association is in lieu of coverage by the individual retirement
219.14 account plan.

219.15 (d) If the eligible person makes the retirement coverage election under paragraph (c),
219.16 the eligible person shall make a contribution to the Teachers Retirement Association equal
219.17 to the excess, if any, of the employee contributions that the eligible person would have made
219.18 if the Teachers Retirement Association had provided coverage from July 19, 2000, or
219.19 September 15, 2000, whichever is applicable, rather than the individual retirement account
219.20 plan. These additional contribution amounts shall include 8.5 percent annual compound
219.21 interest computed from the date the contribution would have been made if deducted from
219.22 salary until paid. The total amount to be paid under this paragraph shall be determined by
219.23 the executive director of the Teachers Retirement Association and written notification of
219.24 the amount required under this paragraph must be transmitted to the eligible person.

219.25 (e) If payment is made under paragraph (d), the value of the applicable eligible person's
219.26 higher education individual retirement account plan account shall be transferred to the
219.27 Teachers Retirement Association.

219.28 (f) The Teachers Retirement Association shall determine the required purchase payment
219.29 amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers
219.30 Retirement Association under this section due to the salary and service credit purchase.

219.31 (g) From the total amount computed under paragraph (f), the executive director of the
219.32 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)
219.33 and (e). The Minnesota State Colleges and Universities system must transmit the remaining

220.1 amount, if any, to the executive director of the Teachers Retirement Association within 60
220.2 days following the receipt of the payments under paragraphs (d) and (e).

220.3 (h) The authority to make a retirement coverage election under this section expires one
220.4 year from the effective date of this section.

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

220.6 **Sec. 5. TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION**
220.7 **AND MINNESOTA STATE RETIREMENT SYSTEM REFUND REPAYMENT**
220.8 **AUTHORITY FOR CERTAIN WINONA STATE UNIVERSITY EMPLOYEE.**

220.9 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352 or 354B, to the
220.10 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
220.11 member of the Teachers Retirement Association and to purchase service and salary credit
220.12 in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995,
220.13 upon repaying a member contribution refund taken from the general employees retirement
220.14 plan of the Minnesota State Retirement System under paragraph (c), upon making an election
220.15 under paragraph (e), and upon making all required payments under paragraphs (f), (g), and
220.16 (h).

220.17 (b) An eligible person is a person who:

220.18 (1) was born November 11, 1957;

220.19 (2) began state employment in 1981, with retirement coverage in the general employees
220.20 retirement plan of the Minnesota State Retirement System for which a refund of member
220.21 contributions and interest was taken;

220.22 (3) was employed by Winona State University on September 11, 1989, with retirement
220.23 coverage in the higher education individual retirement account plan; and

220.24 (4) was not informed of the option to elect Teachers Retirement Association coverage
220.25 in the coverage election authorized under Laws 1994, chapter 508, article 1, section 10, so
220.26 remained in the higher education individual retirement account plan.

220.27 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
220.28 1, paragraph (c), must be calculated under Minnesota Statutes, section 352.23.

220.29 (d) Authority to repay a refund under this section expires one year from the effective
220.30 date of this section.

220.31 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
220.32 person must submit a written application to the executive director of the Teachers Retirement

221.1 Association on a form provided by the Teachers Retirement Association. The application
221.2 must include all relevant documentation and information that the executive director may
221.3 require. Teachers Retirement Association plan membership commences after the date of
221.4 the retirement coverage election under this section and past salary and service credit is
221.5 granted for past Minnesota State Colleges and Universities system employment from January
221.6 1, 1995, until the executive director receives the written application specified in this
221.7 paragraph and receipts of the payments specified in paragraphs (c), (f), (g), and (h). Coverage
221.8 by the Teachers Retirement Association is in lieu of coverage by the individual retirement
221.9 account plan.

221.10 (f) If the eligible person makes the retirement coverage election under paragraph (e),
221.11 the eligible person's member contributions to the higher education individual retirement
221.12 account plan account from January 1, 1995, to the date of the retirement coverage election
221.13 must be transferred to the Teachers Retirement Association, with any earned investment
221.14 returns on those contributions. If the transferred member contributions and investment
221.15 earnings are less than the calculated amount of the member contributions that the eligible
221.16 person would have made to the Teachers Retirement Association on the eligible person's
221.17 compensation from the Minnesota State Colleges and Universities system for the period
221.18 from January 1, 1995, to the date of the retirement coverage election, if the person had been
221.19 covered by the Teachers Retirement Association during the period, plus annual compound
221.20 interest at the rate of 8.5 percent, then the eligible person shall pay the balance of that
221.21 calculated member contribution obligation within 30 days of the retirement coverage election.

221.22 (g) Upon the transfer of the equivalent member contribution amount and any additional
221.23 payment under paragraph (f), the employer contributions made on behalf of the eligible
221.24 member to the higher education individual retirement account plan account from January
221.25 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers
221.26 Retirement Association, with any earned investment returns on those contributions.

221.27 (h) If the amounts under paragraphs (f) and (g) are less than the prior service credit
221.28 purchase payment amount under Minnesota Statutes, section 356.551, the Minnesota State
221.29 Colleges and Universities system shall pay the difference within 60 days following receipt
221.30 of the amounts transmitted under paragraphs (f) and (g).

221.31 (i) The authority to make a retirement coverage election under this section expires one
221.32 year from the effective date of this section.

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

222.1 Sec. 6. **PERA COVERAGE ELECTION AND SERVICE CREDIT PURCHASE;**
222.2 **DULUTH TOWNSHIP CLERK.**

222.3 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 353D, to the
222.4 contrary, an eligible person described in paragraph (b) is eligible to purchase from the
222.5 general employees retirement plan of the Public Employees Retirement Association allowable
222.6 service credit under section 353.01, subdivision 16, for the period of service described in
222.7 paragraph (c).

222.8 (b) An eligible person is a person who:

222.9 (1) was born on July 19, 1953;

222.10 (2) became a member of the public employees defined contribution plan of the Public
222.11 Employees Retirement Association on January 7, 1997, as the elected clerk for Duluth
222.12 township;

222.13 (3) should have become a member of the public employees general plan of the Public
222.14 Employees Retirement Association on April 12, 2001, when the elected clerk position
222.15 became an appointed position;

222.16 (4) erroneously remained in the public employees defined contribution plan until February
222.17 2017; and

222.18 (5) retroactively joined the public employees general plan to January 1, 2014, pursuant
222.19 to section 353.27, subdivision 12.

222.20 (c) The period of uncredited service authorized for purchase is the period of April 12,
222.21 2001, until December 31, 2013.

222.22 (d) Any member contributions made to the public employees defined contribution plan,
222.23 plus any earned investments returns on those contributions, remaining after the transfer
222.24 associated with the cost of omitted salary deductions pursuant to section 353.27, subdivision
222.25 12, may be transferred to the public employees general plan of the Public Employees
222.26 Retirement Association upon request from the eligible person. The transfer must occur
222.27 within 60 days of the request. Authority to request a transfer under this section expires
222.28 December 31, 2017.

222.29 (e) Any employer contributions made to the public employees defined contribution plan,
222.30 plus any earned investment returns on those contributions, remaining after the transfer
222.31 associated with the cost of omitted salary deductions pursuant to section 353.27, subdivision
222.32 12, must be transferred to the public employees general plan of the Public Employees
222.33 Retirement Association at the same time as the transfer that occurs under paragraph (d).

223.1 (f) If the eligible person requests a transfer under paragraph (d), the eligible person must
223.2 pay the member contributions that the eligible person would have made to the Public
223.3 Employees Retirement Association on the eligible person's compensation from the Duluth
223.4 township for the period of service described in paragraph (c) as if the person had been
223.5 covered by the public employees general plan, plus annual compound interest on that amount
223.6 at the rate of 8.5 percent from April 12, 2001, until June 30, 2015, and eight percent from
223.7 July 1, 2015, until the date payment is made to the Public Employees Retirement Association,
223.8 less the transferred member contributions and investment earnings.

223.9 (g) Upon the transfer of the amounts under paragraphs (d), (e), and (f), Duluth township
223.10 shall pay the prior service credit purchase payment amount calculated under Minnesota
223.11 Statutes, section 356.551, less any amounts received under paragraphs (d), (e), and (f),
223.12 within 60 days following the receipt of the eligible person's payment under paragraph (f).

223.13 (h) Upon the transfer and payment under paragraph (g), the eligible person must be
223.14 credited by the Public Employees Retirement Association with allowable service credit for
223.15 Duluth township employment from April 12, 2001, until December 31, 2013.

223.16 (h) Authority to make a service credit purchase under this section expires one year from
223.17 the effective date of this section.

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

223.19

ARTICLE 20

223.20

TECHNICAL CORRECTIONS

223.21 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

223.22 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

223.23 (1) service during years of actual membership in the course of which employee deductions
223.24 were withheld from salary and contributions were made at the applicable rates under section
223.25 353.27, 353.65, or 353E.03;

223.26 (2) periods of service covered by payments in lieu of salary deductions under sections
223.27 353.27, subdivisions 12 and 12a, and 353.35;

223.28 (3) service in years during which the public employee was not a member but for which
223.29 the member later elected, while a member, to obtain credit by making payments to the fund
223.30 as permitted by any law then in effect;

224.1 (4) a period of authorized leave of absence during which the employee receives pay as
224.2 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
224.3 employee contributions are made, deposited, and credited to the fund;

224.4 (5) a period of authorized leave of absence without pay, or with pay that is not included
224.5 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which
224.6 salary deductions are not authorized, and for which a member obtained service credit for
224.7 up to 12 months of the authorized leave period by payment under section ~~353.0161~~ or
224.8 353.0162, to the fund made in place of salary deductions;

224.9 (6) a periodic, repetitive leave that is offered to all employees of a governmental
224.10 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
224.11 as certified to the association by the employer. A participating member obtains service credit
224.12 by making employee contributions in an amount or amounts based on the member's average
224.13 salary, excluding overtime pay, that would have been paid if the leave had not been taken.
224.14 The employer shall pay the employer and additional employer contributions on behalf of
224.15 the participating member. The employee and the employer are responsible to pay interest
224.16 on their respective shares at the rate of 8.5 percent until June 30, 2015, and eight percent
224.17 thereafter, compounded annually, from the end of the normal cycle until full payment is
224.18 made. An employer shall also make the employer and additional employer contributions,
224.19 plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter, compounded
224.20 annually, on behalf of an employee who makes employee contributions but terminates public
224.21 service. The employee contributions must be made within one year after the end of the
224.22 annual normal working cycle or within 30 days after termination of public service, whichever
224.23 is sooner. The executive director shall prescribe the manner and forms to be used by a
224.24 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
224.25 member must be granted allowable service credit for the purchased period;

224.26 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
224.27 months allowable service per authorized temporary or seasonal layoff in one calendar year.
224.28 An employee who has received the maximum service credit allowed for an authorized
224.29 temporary or seasonal layoff must return to public service and must obtain a minimum of
224.30 three months of allowable service subsequent to the layoff in order to receive allowable
224.31 service for a subsequent authorized temporary or seasonal layoff;

224.32 (8) a period during which a member is absent from employment by a governmental
224.33 subdivision by reason of service in the uniformed services, as defined in United States Code,
224.34 title 38, section 4303(13), if the member returns to public service with the same governmental
224.35 subdivision upon discharge from service in the uniformed service within the time frames

225.1 required under United States Code, title 38, section 4312(e), provided that the member did
225.2 not separate from uniformed service with a dishonorable or bad conduct discharge or under
225.3 other than honorable conditions. The service must be credited if the member pays into the
225.4 fund equivalent employee contributions based upon the contribution rate or rates in effect
225.5 at the time that the uniformed service was performed multiplied by the full and fractional
225.6 years being purchased and applied to the annual salary rate. The annual salary rate is the
225.7 average annual salary during the purchase period that the member would have received if
225.8 the member had continued to be employed in covered employment rather than to provide
225.9 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
225.10 salary rate is the member's average salary rate during the 12-month period of covered
225.11 employment rendered immediately preceding the period of the uniformed service. Payment
225.12 of the member equivalent contributions must be made during a period that begins with the
225.13 date on which the individual returns to public employment and that is three times the length
225.14 of the military leave period, or within five years of the date of discharge from the military
225.15 service, whichever is less. If the determined payment period is less than one year, the
225.16 contributions required under this clause to receive service credit may be made within one
225.17 year of the discharge date. Payment may not be accepted following 30 days after termination
225.18 of public service under subdivision 11a. If the member equivalent contributions provided
225.19 for in this clause are not paid in full, the member's allowable service credit must be prorated
225.20 by multiplying the full and fractional number of years of uniformed service eligible for
225.21 purchase by the ratio obtained by dividing the total member contributions received by the
225.22 total member contributions otherwise required under this clause. The equivalent employer
225.23 contribution, and, if applicable, the equivalent additional employer contribution must be
225.24 paid by the governmental subdivision employing the member if the member makes the
225.25 equivalent employee contributions. The employer payments must be made from funds
225.26 available to the employing unit, using the employer and additional employer contribution
225.27 rate or rates in effect at the time that the uniformed service was performed, applied to the
225.28 same annual salary rate or rates used to compute the equivalent member contribution. The
225.29 governmental subdivision involved may appropriate money for those payments. The amount
225.30 of service credit obtainable under this section may not exceed five years unless a longer
225.31 purchase period is required under United States Code, title 38, section 4312. The employing
225.32 unit shall pay interest on all equivalent member and employer contribution amounts payable
225.33 under this clause. Interest must be computed at the rate of 8.5 percent until June 30, 2015,
225.34 and eight percent thereafter, compounded annually, from the end of each fiscal year of the
225.35 leave or the break in service to the end of the month in which the payment is received. Upon

226.1 payment, the employee must be granted allowable service credit for the purchased period;
226.2 or

226.3 (9) a period specified under section 353.0162.

226.4 (b) No member may receive more than 12 months of allowable service credit in a year
226.5 either for vesting purposes or for benefit calculation purposes.

226.6 (c) For an active member who was an active member of the former Minneapolis
226.7 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
226.8 service credited by the Minneapolis Firefighters Relief Association as reflected in the
226.9 transferred records of the association up to December 30, 2011, and the period of service
226.10 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
226.11 who was an active member of the former Minneapolis Police Relief Association on December
226.12 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
226.13 Relief Association as reflected in the transferred records of the association up to December
226.14 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
226.15 30, 2011.

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

226.17 Sec. 2. Minnesota Statutes 2016, section 353.012, is amended to read:

226.18 **353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE**
226.19 **AND SALARY CREDIT.**

226.20 A furloughed employee of the University of Minnesota who is a member of the public
226.21 employees police and fire plan may obtain allowable service and salary credit for the furlough
226.22 period. The allowable service and salary credit authorization is a leave of absence
226.23 authorization for purposes of section ~~353.0161~~ and the purchase payment procedure of
226.24 ~~section 353.0161, subdivision 2,~~ applies 353.0162.

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

226.26 Sec. 3. Minnesota Statutes 2016, section 353.32, subdivision 4, is amended to read:

226.27 Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without
226.28 having designated a beneficiary or if the beneficiary should die before making application
226.29 for refund, and if there is no surviving spouse, and if the legal representative of such member
226.30 or former member does not apply for refund within five years from the date of death of the
226.31 member or former member, the accumulated deductions to the member or former member's

227.1 credit at the time of death shall be disposed of in the manner provided in section ~~353.34,~~
 227.2 ~~subdivision 6~~ 356.631.

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

227.4 Sec. 4. Minnesota Statutes 2016, section 354A.011, subdivision 29, is amended to read:

227.5 Subd. 29. **Vesting; vested.** ~~(a)~~ "Vesting" or "vested" means having entitlement to a
 227.6 nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association
 227.7 coordinated member program ~~administered by a teachers retirement fund association by~~
 227.8 ~~having credit for sufficient allowable service under paragraph (b) or (c), whichever applies~~
 227.9 when the teacher has accrued credit for at least three years of allowable service.

227.10 ~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
 227.11 ~~of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher~~
 227.12 ~~has accrued credit for at least three years of service.~~

227.13 ~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
 227.14 ~~of the Duluth Teachers Retirement Fund Association:~~

227.15 ~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested when~~
 227.16 ~~the teacher has accrued at least three years of service; and~~

227.17 ~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested when~~
 227.18 ~~the teacher has accrued at least five years of service.~~

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

227.20 Sec. 5. Minnesota Statutes 2016, section 354A.095, is amended to read:

227.21 **354A.095 PARENTAL AND MATERNITY LEAVE.**

227.22 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
 227.23 ~~and new coordinated members of the Duluth Teachers Retirement Fund Association,~~ who
 227.24 are granted parental or maternity leave of absence by the employing authority, are entitled
 227.25 to obtain service credit not to exceed one year for the period of leave upon payment to the
 227.26 ~~applicable~~ fund by the end of the fiscal year following the fiscal year in which the leave of
 227.27 absence terminated. The amount of the payment must include the total required employee
 227.28 and employer contributions for the period of leave prescribed in section 354A.12. Payment
 227.29 must be based on the member's average monthly salary rate upon return to teaching service,
 227.30 and is payable without interest. Payment must be accompanied by a certified or otherwise

228.1 adequate copy of the resolution or action of the employing authority granting or approving
228.2 the leave.

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

228.4 Sec. 6. Minnesota Statutes 2016, section 354A.12, subdivision 3c, is amended to read:

228.5 Subd. 3c. **Termination of supplemental contributions and direct matching and state**
228.6 **aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund
228.7 Association by Independent School District No. 625 under section 423A.02, subdivision 3,
228.8 and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund
228.9 Association must continue until the actuarial value of assets of the fund equal or exceed the
228.10 actuarial accrued liability of the fund as determined in the most recent actuarial report for
228.11 the fund by the actuary retained under section 356.214 or until the established date for full
228.12 funding under section 356.215, subdivision 11, whichever occurs earlier.

228.13 ~~(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02,~~
228.14 ~~subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers~~
228.15 ~~Retirement Fund Association must continue until the current assets of the fund equal or~~
228.16 ~~exceed the actuarial accrued liability of the fund as determined in the most recent actuarial~~
228.17 ~~report for the fund by the actuary retained under section 356.214 or until the established~~
228.18 ~~date for full funding under section 356.215, subdivision 11, whichever occurs earlier.~~

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

228.20 Sec. 7. Minnesota Statutes 2016, section 354A.31, subdivision 3, is amended to read:

228.21 Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a)
228.22 Any person who retired and is receiving a coordinated program retirement annuity under
228.23 the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program
228.24 retirement annuity under the governing sections in the articles of incorporation or bylaws
228.25 and who has resumed teaching service for the school district in which the teachers retirement
228.26 fund association exists is entitled to continue to receive retirement annuity payments, except
228.27 that all or a portion of the annuity payments must be deferred during the calendar year
228.28 immediately following the calendar year in which the person's salary from the teaching
228.29 service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third
228.30 the salary amount in excess of \$46,000 and must be deducted from the annuity payable for
228.31 the calendar year immediately following the calendar year in which the excess amount was
228.32 earned.

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

229.4 (c) After a person has reached the Social Security normal retirement age, no deferral
 229.5 requirement is applicable regardless of the amount of any compensation received for teaching
 229.6 service for the school district in which the teachers retirement fund association exists.

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

229.9 ~~(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers~~
 229.10 ~~Retirement Fund Association member whose effective date of retirement is after June 30,~~
 229.11 ~~2013, amounts specified as deferred under this subdivision must instead be forfeited to the~~
 229.12 ~~Duluth Teachers Retirement Fund Association fund.~~

229.13 ~~(f)~~ (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul
 229.14 Teachers Retirement Fund Association basic or coordinated program member whose effective
 229.15 date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision
 229.16 must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

229.17 ~~(g)~~ (f) For the purpose of this subdivision, salary from teaching service includes: (i) all
 229.18 income for services performed as a consultant or independent contractor; or income resulting
 229.19 from working with the school district in any capacity; and (ii) the greater of either the income
 229.20 received or an amount based on the rate paid with respect to an administrative position,
 229.21 consultant, or independent contractor in the school district in which the teachers retirement
 229.22 fund association exists and at the same level as the position occupied by the person who
 229.23 resumes teaching service.

229.24 ~~(h)~~ (g) On or before February 15 of each year, each applicable employing unit shall
 229.25 report to the teachers retirement fund association the amount of postretirement salary as
 229.26 defined in this subdivision, earned as a teacher, consultant, or independent contractor during
 229.27 the previous calendar year by each retiree of the teachers retirement fund association for
 229.28 teaching service performed after retirement. The report must be in a format approved by
 229.29 the executive secretary or director.

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

229.31 Sec. 8. Minnesota Statutes 2016, section 354A.35, subdivision 2, is amended to read:

229.32 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The
 229.33 surviving spouse of a vested coordinated member who dies prior to retirement may elect to

230.1 receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100
230.2 percent joint and survivor annuity the member could have qualified for had the member
230.3 terminated service on the date of death. The surviving spouse eligible for a surviving spouse
230.4 benefit under this paragraph may apply for the annuity at any time after the date on which
230.5 the deceased employee would have attained the required age for retirement based on the
230.6 employee's allowable service. A surviving spouse eligible for surviving spouse benefits
230.7 under paragraph (b) or (c) may apply for an annuity at any time after the member's death.
230.8 The member's surviving spouse shall be paid a joint and survivor annuity under section
230.9 354A.32 and computed under section 354A.31.

230.10 (b) If the member was under age 55 and has credit for at least 30 years of allowable
230.11 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
230.12 and survivor annuity based on the age of the member and surviving spouse on the date of
230.13 death. The annuity is payable using the full early retirement reduction under section 354A.31,
230.14 subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from
230.15 age 55 to the age payment begins.

230.16 ~~(e) If a vested member of the Duluth Teachers Retirement Fund Association was under~~
230.17 ~~age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may~~
230.18 ~~elect to receive the 100 percent joint and survivor annuity based on the age of the member~~
230.19 ~~and the survivor at the time of death. The annuity is payable using the full early retirement~~
230.20 ~~reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early~~
230.21 ~~retirement reduction from age 55 to the date payment begins.~~

230.22 ~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association was
230.23 under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse
230.24 may elect to receive the 100 percent joint and survivor annuity based on the age of the
230.25 member and the survivor at the time of death. The annuity is payable using the full early
230.26 retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of
230.27 the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial
230.28 equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of
230.29 the annuity that would be payable to the member if the member deferred receipt of the
230.30 annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded
230.31 annually from the day the annuity begins to accrue until the normal retirement age.

230.32 ~~(e)~~ (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or
230.33 surviving spouse benefit payable under this section. The benefits are payable for the life of
230.34 the surviving spouse, or upon expiration of the term certain benefit payment under subdivision
230.35 2b.

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

231.2 Sec. 9. Minnesota Statutes 2016, section 356.47, subdivision 1, is amended to read:

231.3 Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement
231.4 annuities on the amount of retirement annuity reductions after reemployed annuitant earnings
231.5 limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or
231.6 354.44, subdivision 5.

231.7 ~~(b) This section also applies to the balance of annual retirement annuities on the amount~~
231.8 ~~of retirement annuity reductions under section 354A.31, subdivision 3, for members of the~~
231.9 ~~Duluth Teachers Retirement Fund Association whose effective date of retirement is before~~
231.10 ~~July 1, 2013.~~

231.11 ~~(e)~~ (b) This section also applies to the balance of annual retirement annuities on the
231.12 amount of retirement annuity reductions under section 354A.31, subdivision 3, for members
231.13 of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is
231.14 before July 1, 2013.

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

231.16 Sec. 10. Minnesota Statutes 2016, section 423A.02, subdivision 5, is amended to read:

231.17 Subd. 5. **Termination of state aid programs.** The amortization state aid and additional
231.18 amortization state aid programs terminate as of the December 31, next following the date
231.19 of the actuarial valuation when the assets of the St. Paul Teachers Retirement Fund
231.20 Association equal the actuarial accrued liability of that plan ~~or when the assets of the Duluth~~
231.21 ~~Teachers Retirement Fund Association equal the actuarial accrued liability of that plan,~~
231.22 ~~whichever is later.~~

231.23 Sec. 11. **REPEALER.**

231.24 Minnesota Statutes 2016, section 354A.12, subdivision 2c, is repealed.

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Article locations in H0565-1

ARTICLE 1	MINNESOTA STATE RETIREMENT SYSTEM BENEFIT AND CONTRIBUTION CHANGES	Page.Ln 2.43
ARTICLE 2	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION BENEFIT AND CONTRIBUTION CHANGES	Page.Ln 8.18
ARTICLE 3	TEACHERS RETIREMENT ASSOCIATION BENEFIT AND CONTRIBUTION CHANGES	Page.Ln 12.4
ARTICLE 4	ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION BENEFIT AND CONTRIBUTION CHANGES	Page.Ln 19.18
ARTICLE 5	POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS AND GENERAL PROVISIONS	Page.Ln 25.1
ARTICLE 6	INTEREST RATE CONFORMING CHANGES	Page.Ln 51.1
ARTICLE 7	CONTRIBUTION RATES	Page.Ln 84.27
ARTICLE 8	DIRECT STATE AID	Page.Ln 93.21
ARTICLE 9	MINNESOTA STATE RETIREMENT SYSTEM ADMINISTRATIVE PROVISIONS	Page.Ln 94.13
ARTICLE 10	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION ADMINISTRATIVE PROVISIONS	Page.Ln 107.7
ARTICLE 11	TEACHERS RETIREMENT ASSOCIATION ADMINISTRATIVE PROVISIONS	Page.Ln 128.20
ARTICLE 12	ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION ADMINISTRATIVE PROVISIONS	Page.Ln 139.28
ARTICLE 13	RETIREMENT SYSTEMS, GENERALLY ADMINISTRATIVE PROVISIONS	Page.Ln 141.1
ARTICLE 14	ACTUARIAL ASSUMPTION CHANGES	Page.Ln 154.1
ARTICLE 15	VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS	Page.Ln 159.18
ARTICLE 16	MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS	Page.Ln 196.8
ARTICLE 17	PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS	Page.Ln 202.25
ARTICLE 18	GENERALLY APPLICABLE RETIREMENT CHANGES	Page.Ln 209.18
ARTICLE 19	SMALL GROUP RETIREMENT CHANGES	Page.Ln 212.15
ARTICLE 20	TECHNICAL CORRECTIONS	Page.Ln 223.19

3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.

Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been a member of a retirement plan listed in paragraph (b) is entitled, when otherwise qualified, to a retirement allowance or annuity from each plan if the total allowable service in all plans or in any two of these plans totals ten or more years.

(b) This section applies to any retirement plan or program administered by the Minnesota State Retirement System, or any retirement plan administered by the Public Employees Retirement Association, including the Public Employees Retirement Association police and fire fund, or the Teachers Retirement Association, or the Minneapolis employees retirement plan, or the State Patrol retirement plan, or any other public employee retirement system in the state of Minnesota having a like provision.

(c) This section does not apply to other retirement plans providing benefits for police or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one plan is based is again used in the computation for benefits from another plan. The annuity from each plan must be determined by the appropriate provisions of the law, except that the requirement that a person must have a minimum number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these plans equals ten or more years. The augmentation of deferred annuities provided in section 3A.02, subdivision 4, applies to the annuities accruing under this section.

Subd. 2. **Refund repayment.** A former legislator who has received a refund as provided in section 3A.03, subdivision 2, who is a currently contributing member of a retirement plan specified in subdivision 1, paragraph (b), may repay the refund as provided in section 3A.03, subdivision 2. A member of the legislature who has received a refund from any of the retirement plans specified in subdivision 1 may repay the refund to the respective plan under such terms and conditions consistent with the law governing the retirement plan if the law governing the plan permits the repayment of refunds. If the total amount to be repaid, including principal and interest exceeds \$2,000, repayment maybe made in three equal installments over a period of 18 months, with the interest accrued during the period of the repayment added to the final installment.

352.04 STATE EMPLOYEES RETIREMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 11. **Gifts and bequests.** The director may credit to the retirement fund any money received in the form of donations, gifts, appropriations, bequests, or otherwise, or derived from it.

352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.

Subdivision 1. **Application.** This section applies to the general state employees retirement plan established under this chapter, the correctional state employees retirement plan established under this chapter, and the state patrol retirement plan established under chapter 352B.

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for the applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3a. **Contribution rate revision; general state employees retirement plan.** (a) Notwithstanding the contribution rates as specified in law governing the applicable retirement plan, the board of directors of the Minnesota State Retirement System may adjust the employee and employer contribution rates for the general state employees retirement plan if the regular actuarial valuation of the plan prepared under section 356.215 indicates that there is a contribution

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sufficiency greater than one percent of covered payroll or that there is a contribution deficiency under subdivision 2 equal to or greater than one-half of one percent of covered payroll.

(b) If the actuarially determined contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates may be decreased incrementally over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the sum of the normal cost and administrative expenses of the retirement plan.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the board of directors may increase the employee and employer contribution rates equally to eliminate that contribution deficiency.

(d) To determine if an adjustment is to be made, the board of directors shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates calculated based on the actuarial value of assets and calculated based on the market value of assets; the funded ratio calculated based on the actuarial value of assets; the funded ratio calculated based on the market value of assets; the remaining number of years to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contribution projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(e) Any adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

(f) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially determined contributions that are more than the total combined employee and employer contributions.

(g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be made, the executive director must review any need for a change in actuarial assumptions, as recommended by the approved actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially determined contribution and must report to the Legislative Commission on Pensions and Retirement any decision by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(h) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the approved actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

Subd. 3b. Contribution rate revision; correctional state employees retirement plan and State Patrol retirement plan. (a) Subdivision 3a applies to the correctional state employees retirement plan under this chapter and to the State Patrol retirement plan established under chapter 352B, except as specified in paragraph (b) or (c).

(b) Any limitations on the amount of contribution rate changes stated in subdivision 3a apply only to the amount of the employee contribution revision. The employer contribution for the correctional state employees retirement plan or the State Patrol retirement plan, whichever is applicable, must be adjusted so that the employer contribution is equal to 60 percent of the sum of employee plus employer contributions.

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(c) For the State Patrol retirement plan, a contribution sufficiency of up to two percent of covered payroll, rather than one percent, may be held in reserves without taking action to reduce employee and employer contributions.

352.72 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM.

Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee covered by a retirement system listed in paragraph (b) is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals three or more years if employed before July 1, 2010, or totals five or more years if employed after June 30, 2010.

(b) This section applies to the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund, the Teachers Retirement Association, the State Patrol Retirement Association, or any other public employee retirement system in the state with a similar provision, except as noted in paragraph (c).

(c) This section does not apply to other funds providing benefits for police officers or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one fund is based shall be again used in the computation for benefits from another fund. No refund may have been taken from any one of these funds since service entitling the employee to coverage under the system or the employee's membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals at least the longest period of allowable service of any of the applicable retirement plans.

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55 or until January 1, 2012, whichever is earlier, and from the January 1 next following the attainment of age 55 to the effective date of retirement or until January 1, 2012, whichever is earlier, five percent compounded annually if the employee became an employee before July 1, 2006, 2.5 percent compounded annually until January 1, 2012, if the employee becomes an employee after June 30, 2006, and two percent compounded annually after December 31, 2011, irrespective of when the employee became a state employee. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

Subd. 4. **Refund repayment.** Any person who has received a refund from the state employees retirement fund, and who is a member of a public retirement system included in subdivision 1, may repay the refund with interest to the state employees retirement fund. If a

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refund is repaid to the fund and more than one refund has been received from the fund, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

Subd. 5. **Early retirement.** The requirements and provisions for retirement before normal retirement age in sections 352.115, subdivision 1, and 352.116 also apply to an employee fulfilling the requirements with a combination of service as provided in subdivision 1.

352B.30 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.

Subdivision 1. **Entitlement to annuity.** Any person who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund, or any other public employee retirement system in Minnesota having a like provision but excluding all other funds providing benefits for police or firefighters is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person. No part of the allowable service upon which the retirement annuity from one fund is based may again be used in the computation for benefits from another fund. The member must not have taken a refund from any one of these funds since service entitling the member to coverage under the system or membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate law except that the requirement that a person must have at least a specific number of years allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person.

Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter. The required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent per year compounded annually until January 1, 1981, three percent per year compounded annually after January 1, 1981, until January 1, 2012, if the employee became an employee before July 1, 2006, 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006, and two percent per year compounded annually after December 31, 2011, irrespective of when the employee was first employed. The mortality table and interest assumption used to compute the annuity must be those in effect when the member files application for annuity.

Subd. 3. **Refund repayment.** A person who has received a refund from the State Patrol retirement fund who is a member of a public retirement system included in subdivision 1, may repay the refund with interest to the State Patrol retirement fund as provided in section 352B.11, subdivision 4.

Subd. 4. **1997 postretirement fund interest changes.** The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

353.0161 AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (5), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

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

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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 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 average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the 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 the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter 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.

Subd. 3. **Restriction on subsequent purchases.** To purchase salary credit or service credit for a subsequent authorized leave of absence period, the member must return to public service and render a minimum of three months of allowable service credit.

353.27 GENERAL EMPLOYEES RETIREMENT FUND.

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Notwithstanding the contribution rate provision specified under subdivisions 2, 3, and 3a, the board of trustees of the Public Employees Retirement Association may adjust the employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association prepared under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll or that there is a contribution deficiency under paragraph (a) equal to or greater than one-half of one percent of covered payroll.

(c) If the actuarially determined contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 may be decreased over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the total of the normal cost of the retirement plan and the administrative expenses of the retirement plan.

(d) If the actuarially determined contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the board of trustees may increase the employee and matching employer contribution rates to eliminate that contribution deficiency.

(e) To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors

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that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(f) Any adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' adjustment to the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially determined contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be made, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially determined contribution and must report to the Legislative Commission on Pensions and Retirement any decision by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the approved actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

353.34 RIGHTS UPON TERMINATION OF MEMBERSHIP.

Subd. 6. **Additions to fund.** The board of trustees may credit to the general employees retirement fund any money received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise.

353.71 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM; DEFERRED ANNUITY; AUGMENTATION.

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a retirement plan providing benefits for police officers or firefighters governed by sections 424A.091 to 424A.096, or by Laws 2013, chapter 111, article 5, sections 31 to 42, is entitled, when qualified, to an annuity from each retirement plan if the total allowable service in all retirement plans or in any two of these retirement plans totals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one retirement plan is based is again used in the computation for benefits from another retirement plan and provided further that the person has not taken a refund from any one of these retirement plans since the person's membership in that association or system last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific minimum period of allowable service in the respective association or system does not apply for the purposes of this section if the combined service in

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two or more of these retirement plans equals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

Subd. 2. Deferred annuity computation; augmentation. (a) The deferred annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed on the basis of allowable service prior to the termination of public service and augmented as provided in this subdivision. The required reserves applicable to a deferred annuity, or to any deferred segment of an annuity must be determined as of the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later.

(b) For a person who became a public employee before July 1, 2006, whose period of deferral began after June 30, 1971, and who terminated public employment before January 1, 2012, the required reserves of the deferred annuity must be augmented at the following applicable rate or rates:

(1) five percent annual compound interest until January 1, 1981;

(2) three percent annual compound interest after January 1, 1981, or until the earlier of December 31, 2011, or after the date of the termination of public service or the termination of membership, whichever is later, until January 1 of the year following the year in which the former member attains age 55;

(3) five percent annual compound interest from January 1 of the year following the year in which the former member attains age 55, or until December 31, 2011, whichever is earlier; and

(4) one percent annual compound interest from January 1, 2012.

(c) For a person who became a public employee after June 30, 2006, and who terminated public employment before January 1, 2012, the required reserves of the deferred annuity must be augmented at 2.5 percent annual compound interest from the date of termination of public service or termination of membership, whichever is earlier, until December 31, 2011, and one percent annual compound interest after December 31, 2011.

(d) For a person who terminates public employment after December 31, 2011, the required reserves of the deferred annuity must not be augmented.

(e) If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented as specified in this paragraph. The sum of the augmented required reserves is the present value of the annuity. Uninterrupted service for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the employee has credit with this association. This section must not reduce the annuity otherwise payable under this chapter. This paragraph applies to individuals who become deferred annuitants on or after July 1, 1971. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

(f) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

Subd. 4. Repayment of refund. Any person who has received a refund from the Public Employees Retirement Association and who is a member of any public retirement system referred to in subdivision 1, may repay such refund to the Public Employees Retirement Association as provided in section 353.35.

Subd. 5. Early retirement. The requirements and provisions for retirement prior to normal retirement age contained in section 353.30, shall also apply to a person fulfilling such requirements with a combination of service as provided in subdivision 1.

354.42 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

Subd. 4a. Determination. (a) For purposes of this section, a contribution sufficiency exists if the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

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(b) For purposes of this section, a contribution deficiency exists if the total of the employee contributions, the employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the Board of Trustees of the Teachers Retirement Association may adjust the employee and employer contribution rates if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll or if the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than one-half of one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in the total of contribution rates that is less than the total of normal cost and administrative expenses.

(b) To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

Subd. 4c. **Contribution sufficiency measures.** (a) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions being collected.

(b) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the retirement plan, that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(c) A contribution sufficiency in excess of one percent of covered pay must not be used to increase benefits, and a benefit increase must not be proposed that would initiate an automatic adjustment under this section to increase contributions. A proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement, as provided under section 356.214, subdivision 4, on the manner in which the benefit modification is to be funded.

Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease made under subdivision 4b must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1 and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination that a contribution deficiency or sufficiency exists based on the most recent actuarial valuation under section 356.215.

354.60 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

Any person who has been a member of the Minnesota state retirement system or the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund or the Teachers Retirement Association or the Minnesota State Patrol Retirement Association, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing benefits for police officers or firefighters shall be entitled when qualified to an annuity from each fund if the person's total allowable service in all three funds or in any two of these funds totals three or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that the person has not taken

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a refund from any one of these three funds since the person's membership in that association has terminated. The annuity from each fund shall be determined by the appropriate provisions of the law except that the requirement that an annuitant have at least three years' membership service or three years of allowable service in the respective association shall not apply for the purposes of this section provided the combined service in two or more of these funds equals three or more years.

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 2c. **Duluth Teachers Retirement Fund Association; employer contributions for reemployed annuitants.** The school district shall make the regular employer contributions and additional employer contributions specified in subdivision 2a on behalf of any retired member of the Duluth Teachers Retirement Fund Association who is reemployed by Independent School District No. 709, including providing service to the school district as an independent contractor or as an employee of an independent contractor.

354A.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION POSTRETIREMENT ADJUSTMENT.

Subd. 8. **Calculation of postretirement adjustments; percentage based.** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the two most recent actuarial valuations prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

Funding ratio	Postretirement increase
Less than 80 percent	1 percent
At least 80 percent but less than 90 percent	2 percent

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred after January 1 of the calendar year immediately before the postretirement increase is applied, the amount determined under paragraph (a) must be reduced by 50 percent.

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent in two consecutive actuarial valuations, subsequent postretirement increases must be paid as specified in subdivision 9.

(d) If, following a postretirement increase under paragraph (a), the accrued liability funding ratio, based on the actuarial value of assets, falls below 80 percent for two consecutive actuarial valuations, the applicable postretirement increase must be reduced to one percent until January 1 of the calendar year next following the date on which the requirements for an increase under paragraph (a) are again satisfied.

Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies if the requirements of subdivision 8, paragraph (c), have been satisfied.

(b) A percentage adjustment must be paid under this subdivision to eligible persons under subdivision 7.

(c) The amount of 2.5 percent is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred after January 1 of the calendar year immediately before the postretirement adjustment is applied, the postretirement adjustment amount must be reduced by 50 percent.

(d) In the event the accrued liability funding ratio based on the actuarial value of assets falls below 90 percent for two consecutive actuarial valuations, the applicable postretirement increase must be determined under subdivision 8 until January 1 of the calendar year next following the date on which the requirements of subdivision 8, paragraph (c), are again satisfied.

354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee

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retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police officers or firefighters, is entitled, when qualified, to an annuity from each fund if the person's total allowable service in all of the funds or in any two or more of the funds totals three or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is used again in the computation for a retirement annuity from another fund and provided further that the person has not taken a refund from any of funds or associations since the person's membership in the fund or association has terminated. The annuity from each fund or association must be determined by the appropriate provisions of the law governing each fund or association, except that the requirement that a person must have at least three years of allowable service in the respective fund or association does not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals three or more years.

356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.

Subd. 3. **Maximum benefit limitations.** An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The annual additions on behalf of a member to a defined contribution plan for any limitation year shall not exceed the applicable limitation on annual additions under section 415(c) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code.

Subd. 4. **Compensation.** For purposes of this section, compensation means a member's compensation actually paid or made available for any limitation year including all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b) and excluding all items of remuneration described in federal treasury regulation section 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in subdivision 2.

Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section is the calendar year or fiscal year, whichever is applicable.

356.96 PENSION PLAN APPEAL PROCEDURES.

Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and requirements under this section, a person who believes that the person's rights have been affected by a decision made by the administration of a covered pension plan may request a review under this section by the appropriate governing board. The petition under this subdivision must be made within 45 days of the time that the person knew or should have known of the disputed decision.

Subd. 15. **Governing board review panel.** Any covered pension plan subject to this section, by motion duly made and adopted, may appoint a panel of governing board members to hear and determine any or all petitions brought under this section. The governing board review panel must contain a minimum number of board members that would otherwise constitute a quorum of board members under the governing body's rules and procedures.

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws of the defined benefit relief associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one defined benefit volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total amount of service credit of ten years or more, if the bylaws of every affected relief association do not specify only a five-year service vesting requirement, or five years or more, if the bylaws of every affected relief association require only a five-year service vesting requirement, as a member of two or more relief associations otherwise qualified. The member

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must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent relief association secretary.