

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 826

02/12/2015 Authored by Murphy, M.,

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to retirement; volunteer firefighter relief associations; implementing
1.3 the recommendations of the state auditor's volunteer firefighter working group;
1.4 addressing various disbursement and accounting issues; addressing various
1.5 benefit issues; updating volunteer fire state aid references; addressing various
1.6 relief association establishment and membership issues; amending Minnesota
1.7 Statutes 2014, sections 69.051, subdivision 1a; 69.80; 424A.001, by adding
1.8 a subdivision; 424A.002, subdivision 1; 424A.016, subdivision 4; 424A.02,
1.9 subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3; 424A.092, subdivisions 3, 6;
1.10 424A.093, subdivisions 5, 6.

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

1.12 ARTICLE 1

1.13 DISBURSEMENT AND ACCOUNTING ISSUES

1.14 Section 1. Minnesota Statutes 2014, section 69.051, subdivision 1a, is amended to read:

1.15 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
1.16 association, as defined in section 424A.001, subdivision 4, that is not required to file a
1.17 financial report and audit under subdivision 1 must prepare a detailed statement of the
1.18 financial affairs for the preceding fiscal year of the relief association's special and general
1.19 funds in the style and form prescribed by the state auditor. The detailed statement must
1.20 show:

- 1.21 (1) the sources and amounts of all money received;
1.22 (2) all disbursements, accounts payable and accounts receivable;
1.23 (3) the amount of money remaining in the treasury;
1.24 (4) total assets, including a listing of all investments;
1.25 (5) the accrued liabilities; and

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

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor. ~~In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report in accordance with agreed-upon procedures and forms prescribed by the state auditor.~~ The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

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

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

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

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

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

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

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to financial statements prepared for calendar year 2015 and thereafter.

Sec. 2. Minnesota Statutes 2014, section 69.80, is amended to read:

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and

administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, and audit-related services, and accounting and accounting-related services, actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

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

Sec. 3. Minnesota Statutes 2014, section 424A.05, subdivision 3, is amended to read:

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

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

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

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

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

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

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

(7) for the payment of administrative expenses of the relief association as authorized under section 69.80.

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

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 2

BENEFIT ISSUES

Section 1. Minnesota Statutes 2014, section 424A.02, subdivision 3a, is amended to read:

Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)

If a defined benefit relief association pays a service pension greater than the maximum service pension associated with the applicable average amount of available financing per active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum service pension amount specified in subdivision 3, paragraph (g), whichever is less, the state auditor shall:

(1) disqualify the municipality or the nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

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

Sec. 2. Minnesota Statutes 2014, section 424A.02, subdivision 9a, is amended to read:

Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or special law to the contrary, a defined benefit relief association paying a monthly service pension may provide a postretirement increase to retired members and ancillary benefit recipients of the relief association if (1) the relief association adopts an appropriate bylaw amendment; and (2) the bylaw amendment is approved by the municipality pursuant to subdivision 10 and section 424A.093, subdivision 6. The postretirement increase is applicable only to retired members and ancillary benefit recipients receiving a monthly service pension or monthly ancillary benefit as of the effective date of the bylaw amendment. The authority to provide a postretirement increase to retired members and ancillary benefit recipients of a relief association contained in this subdivision supersedes any prior special law authorization relating to the provision of postretirement increases.

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

ARTICLE 3

STATE AID REFERENCES

Section 1. Minnesota Statutes 2014, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid and police and firefighter retirement supplemental state aid received by the relief association;

(2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available municipal revenue sources exclusive of fire state aid; and

(3) any amounts equal to the share of the assets of the special fund to the credit of:

(i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 2, paragraph (b), and has not returned to active service with the fire department for a period no shorter than five years; or

(ii) any retired member who retired before obtaining a full nonforfeitable interest in the amounts credited to the individual member account under subdivision 2, paragraph (b), and any applicable provision of the bylaws of the relief association. In addition, any investment return on the assets of the special fund must be credited in proportion to the

share of the assets of the special fund to the credit of each individual active member account. Administrative expenses of the relief association payable from the special fund may be deducted from individual accounts in a manner specified in the bylaws of the relief association.

(c) If the bylaws so permit and as the bylaws define, the relief association may credit any investment return on the assets of the special fund to the accounts of inactive members.

(d) Amounts to be credited to individual accounts must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. Amounts forfeited under paragraph (b), clause (3), before a resumption of active service and membership under section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the resumption of active service and membership. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

(e) At the time of retirement under subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

(f) Annually, the secretary of the relief association shall certify the individual account allocations to the state auditor at the same time that the annual financial statement or financial report and audit of the relief association, whichever applies, is due under section 69.051.

Sec. 2. Minnesota Statutes 2014, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing

includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00

9.1	1215	15.00
9.2	1296	16.00
9.3	1377	17.00
9.4	1458	18.00
9.5	1539	19.00
9.6	1620	20.00
9.7	1701	21.00
9.8	1782	22.00
9.9	1823	22.50
9.10	1863	23.00
9.11	1944	24.00
9.12	2025	25.00
9.13	2106	26.00
9.14	2187	27.00
9.15	2268	28.00
9.16	2349	29.00
9.17	2430	30.00
9.18	2511	31.00
9.19	2592	32.00
9.20	2673	33.00
9.21	2754	34.00
9.22	2834	35.00
9.23	2916	36.00
9.24	2997	37.00
9.25	3078	38.00
9.26	3159	39.00
9.27	3240	40.00
9.28	3321	41.00
9.29	3402	42.00
9.30	3483	43.00
9.31	3564	44.00
9.32	3645	45.00
9.33	3726	46.00
9.34	3807	47.00
9.35	3888	48.00
9.36	3969	49.00
9.37	4050	50.00
9.38	4131	51.00
9.39	4212	52.00
9.40	4293	53.00
9.41	4374	54.00
9.42	4455	55.00
9.43	4536	56.00

10.1	4617	57.00
10.2	4698	58.00
10.3	4779	59.00
10.4	4860	60.00
10.5	4941	61.00
10.6	5022	62.00
10.7	5103	63.00
10.8	5184	64.00
10.9	5265	65.00
10.10	5346	66.00
10.11	5427	67.00
10.12	5508	68.00
10.13	5589	69.00
10.14	5670	70.00
10.15	5751	71.00
10.16	5832	72.00
10.17	5913	73.00
10.18	5994	74.00
10.19	6075	75.00
10.20	6156	76.00
10.21	6237	77.00
10.22	6318	78.00
10.23	6399	79.00
10.24	6480	80.00
10.25	6561	81.00
10.26	6642	82.00
10.27	6723	83.00
10.28	6804	84.00
10.29	6885	85.00
10.30	6966	86.00
10.31	7047	87.00
10.32	7128	88.00
10.33	7209	89.00
10.34	7290	90.00
10.35	7371	91.00
10.36	7452	92.00
10.37	7533	93.00
10.38	7614	94.00
10.39	7695	95.00
10.40	7776	96.00
10.41	7857	97.00
10.42	7938	98.00
10.43	8019	99.00

11.1	8100	100.00
11.2	any amount in excess of	
11.3	8100	100.00

11.4 (d) For a defined benefit relief association in which the governing bylaws provide
 11.5 for a lump-sum service pension to a retiring member, the maximum lump-sum service
 11.6 pension amount for each year of service credited that may be provided for in the bylaws is
 11.7 the greater of the service pension amount provided for in the bylaws on the date of the
 11.8 calculation of the average amount of the available financing per active covered firefighter
 11.9 or the maximum service pension figure corresponding to the average amount of available
 11.10 financing per active covered firefighter for the applicable specified period:

11.11	Minimum Average Amount of Available	Maximum Lump-Sum Service
11.12	Financing per Firefighter	Pension Amount Payable for
11.13		Each Year of Service
11.14	\$...	\$ 10
11.15	11	20
11.16	16	30
11.17	23	40
11.18	27	50
11.19	32	60
11.20	43	80
11.21	54	100
11.22	65	120
11.23	77	140
11.24	86	160
11.25	97	180
11.26	108	200
11.27	131	240
11.28	151	280
11.29	173	320
11.30	194	360
11.31	216	400
11.32	239	440
11.33	259	480
11.34	281	520
11.35	302	560
11.36	324	600
11.37	347	640
11.38	367	680
11.39	389	720
11.40	410	760
11.41	432	800
11.42	486	900

12.1	540	1000
12.2	594	1100
12.3	648	1200
12.4	702	1300
12.5	756	1400
12.6	810	1500
12.7	864	1600
12.8	918	1700
12.9	972	1800
12.10	1026	1900
12.11	1080	2000
12.12	1134	2100
12.13	1188	2200
12.14	1242	2300
12.15	1296	2400
12.16	1350	2500
12.17	1404	2600
12.18	1458	2700
12.19	1512	2800
12.20	1566	2900
12.21	1620	3000
12.22	1672	3100
12.23	1726	3200
12.24	1753	3250
12.25	1780	3300
12.26	1820	3375
12.27	1834	3400
12.28	1888	3500
12.29	1942	3600
12.30	1996	3700
12.31	2023	3750
12.32	2050	3800
12.33	2104	3900
12.34	2158	4000
12.35	2212	4100
12.36	2265	4200
12.37	2319	4300
12.38	2373	4400
12.39	2427	4500
12.40	2481	4600
12.41	2535	4700
12.42	2589	4800
12.43	2643	4900

13.1	2697	5000
13.2	2751	5100
13.3	2805	5200
13.4	2859	5300
13.5	2913	5400
13.6	2967	5500
13.7	3021	5600
13.8	3075	5700
13.9	3129	5800
13.10	3183	5900
13.11	3237	6000
13.12	3291	6100
13.13	3345	6200
13.14	3399	6300
13.15	3453	6400
13.16	3507	6500
13.17	3561	6600
13.18	3615	6700
13.19	3669	6800
13.20	3723	6900
13.21	3777	7000
13.22	3831	7100
13.23	3885	7200
13.24	3939	7300
13.25	3993	7400
13.26	4047	7500
13.27	4101	7600
13.28	4155	7700
13.29	4209	7800
13.30	4263	7900
13.31	4317	8000
13.32	4371	8100
13.33	4425	8200
13.34	4479	8300
13.35	4533	8400
13.36	4587	8500
13.37	4641	8600
13.38	4695	8700
13.39	4749	8800
13.40	4803	8900
13.41	4857	9000
13.42	4911	9100
13.43	4965	9200

14.1	5019	9300
14.2	5073	9400
14.3	5127	9500
14.4	5181	9600
14.5	5235	9700
14.6	5289	9800
14.7	5343	9900
14.8	5397	10,000
14.9	any amount in excess of	
14.10	5397	10,000

14.11 (e) For a defined benefit relief association in which the governing bylaws provide
 14.12 for a monthly benefit service pension as an alternative form of service pension payment
 14.13 to a lump-sum service pension, the maximum service pension amount for each pension
 14.14 payment type must be determined using the applicable table contained in this subdivision.

14.15 (f) If a defined benefit relief association establishes a service pension in compliance
 14.16 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 14.17 amount of available financing per active covered firefighter is subsequently reduced
 14.18 because of a reduction in fire state aid or because of an increase in the number of active
 14.19 firefighters, the relief association may continue to provide the prior service pension
 14.20 amount specified in its bylaws, but may not increase the service pension amount until
 14.21 the minimum average amount of available financing per firefighter under the table in
 14.22 paragraph (c) or (d), whichever applies, permits.

14.23 (g) No defined benefit relief association is authorized to provide a service pension in
 14.24 an amount greater than the largest applicable flexible service pension maximum amount
 14.25 even if the amount of available financing per firefighter is greater than the financing
 14.26 amount associated with the largest applicable flexible service pension maximum.

14.27 (h) The method of calculating service pensions must be applied uniformly for all
 14.28 years of active service. Credit must be given for all years of active service except for caps
 14.29 on service credit if so provided in the bylaws of the relief association.

14.30 Sec. 3. Minnesota Statutes 2014, section 424A.05, subdivision 2, is amended to read:

14.31 Subd. 2. **Special fund assets and revenues.** The special fund must be credited
 14.32 with all fire state aid ~~moneys~~ and police and firefighter retirement supplemental state
 14.33 aid received under sections 69.011 to 69.051 and 423A.022, all taxes levied by or other
 14.34 revenues received from the municipality under sections 424A.091 to 424A.096 or any
 14.35 applicable special law requiring municipal support for the relief association, any ~~moneys~~
 14.36 funds or property donated, given, granted or devised by any person which is specified for

15.1 use for the support of the special fund and any interest or investment return earned upon
15.2 the assets of the special fund. The treasurer of the relief association is the custodian of
15.3 the assets of the special fund and must be the recipient on behalf of the special fund of
15.4 all revenues payable to the special fund. The treasurer shall maintain adequate records
15.5 documenting any transaction involving the assets or the revenues of the special fund.
15.6 These records and the bylaws of the relief association are public and must be open for
15.7 inspection by any member of the relief association, any officer or employee of the state or
15.8 of the municipality, or any member of the public, at reasonable times and places.

15.9 Sec. 4. Minnesota Statutes 2014, section 424A.092, subdivision 3, is amended to read:

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

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

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

15.21 (2) The total present assets of the special fund projected to December 31 of the
15.22 current year, including receipts by and disbursements from the special fund anticipated to
15.23 occur on or before December 31, must be calculated. To the extent possible, for those
15.24 assets for which a market value is readily ascertainable, the current market value as of the
15.25 date of the calculation for those assets must be utilized in making this calculation. For any
15.26 asset for which no market value is readily ascertainable, the cost value or the book value,
15.27 whichever is applicable, must be utilized in making this calculation.

15.28 (3) The amount of the total present assets of the special fund calculated under clause
15.29 (2) must be subtracted from the amount of the total accrued liability of the special fund
15.30 calculated under clause (1). If the amount of total present assets exceeds the amount of
15.31 the total accrued liability, then the special fund is considered to have a surplus over full
15.32 funding. If the amount of the total present assets is less than the amount of the total
15.33 accrued liability, then the special fund is considered to have a deficit from full funding. If
15.34 the amount of total present assets is equal to the amount of the total accrued liability, then
15.35 the special fund is considered to be fully funded.

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

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

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

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

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

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

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

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under sections 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year.

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

17.3 Sec. 5. Minnesota Statutes 2014, section 424A.092, subdivision 6, is amended to read:

17.4 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
17.5 relief association does not have a surplus over full funding under subdivision 3, paragraph
17.6 (c), clause (5), and if the municipality is required to provide financial support to the special
17.7 fund of the relief association under this section, the adoption of or any amendment to the
17.8 articles of incorporation or bylaws of a relief association which increases or otherwise
17.9 affects the retirement coverage provided by or the service pensions or retirement benefits
17.10 payable from the special fund of any relief association to which this section applies is not
17.11 effective until it is ratified by the governing body of the municipality served by the fire
17.12 department to which the relief association is directly associated or by the independent
17.13 nonprofit firefighting corporation, as applicable, and the officers of a relief association
17.14 shall not seek municipal ratification prior to preparing and certifying an estimate of
17.15 the expected increase in the accrued liability and annual accruing liability of the relief
17.16 association attributable to the amendment. If the special fund of the relief association
17.17 has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the
17.18 municipality is not required to provide financial support to the special fund of the relief
17.19 association under this section, the relief association may adopt or amend its articles of
17.20 incorporation or bylaws which increase or otherwise affect the retirement coverage
17.21 provided by or the service pensions or retirement benefits payable from the special fund
17.22 of the relief association which are effective without municipal ratification so long as this
17.23 does not cause the amount of the resulting increase in the accrued liability of the special
17.24 fund of the relief association to exceed 90 percent of the amount of the surplus over full
17.25 funding reported in the prior year and this does not result in the financial requirements
17.26 of the special fund of the relief association exceeding the expected amount of the future
17.27 fire state aid and police and firefighter retirement supplemental state aid to be received
17.28 by the relief association as determined by the board of trustees following the preparation
17.29 of an estimate of the expected increase in the accrued liability and annual accruing
17.30 liability of the relief association attributable to the change. If a relief association adopts or
17.31 amends its articles of incorporation or bylaws without municipal ratification under this
17.32 subdivision, and, subsequent to the amendment or adoption, the financial requirements
17.33 of the special fund of the relief association under this section are such so as to require
17.34 financial support from the municipality, the provision which was implemented without
17.35 municipal ratification is no longer effective without municipal ratification and any service

18.1 pensions or retirement benefits payable after that date may be paid only in accordance with
18.2 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

18.3 Sec. 6. Minnesota Statutes 2014, section 424A.093, subdivision 5, is amended to read:

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

18.8 (b) The minimum obligation of the municipality with respect to the special fund is
18.9 an amount equal to the financial requirements of the special fund of the relief association
18.10 determined under subdivision 4, reduced by the estimated amount of any fire state
18.11 aid and police and firefighter retirement supplemental state aid payable under sections
18.12 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality
18.13 for transmittal to the special fund of the relief association during the following year
18.14 and the amount of any anticipated contributions to the special fund required by the
18.15 relief association bylaws from the active members of the relief association reasonably
18.16 anticipated to be received during the following calendar year. A reasonable amount of
18.17 anticipated fire state aid is an amount that does not exceed the fire state aid actually
18.18 received in the prior year multiplied by the factor 1.035.

18.19 (c) The officers of the relief association shall certify the financial requirements of the
18.20 special fund of the relief association and the minimum obligation of the municipality with
18.21 respect to the special fund of the relief association as determined under subdivision 4 and
18.22 this subdivision by August 1 of each year. The certification must be made to the entity that
18.23 is responsible for satisfying the minimum obligation with respect to the special fund of the
18.24 relief association. If the responsible entity is a joint powers entity, the certification must be
18.25 made in the manner specified in the joint powers agreement, or if the joint powers agreement
18.26 is silent on this point, the certification must be made to the chair of the joint powers board.

18.27 (d) The financial requirements of the relief association and the minimum municipal
18.28 obligation must be included in the financial report or financial statement under section
18.29 69.051.

18.30 (e) The municipality shall provide for at least the minimum obligation of the
18.31 municipality with respect to the special fund of the relief association by tax levy or from
18.32 any other source of public revenue. The municipality may levy taxes for the payment of the
18.33 minimum municipal obligation without any limitation as to rate or amount and irrespective
18.34 of any limitations imposed by other provisions of law or charter upon the rate or amount
18.35 of taxation until the balance of the special fund or any fund of the relief association has

19.1 attained a specified level. In addition, any taxes levied under this section must not cause
19.2 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
19.3 by the municipality which are subject to a limitation as to rate or amount to be reduced.

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

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

19.14 Sec. 7. Minnesota Statutes 2014, section 424A.093, subdivision 6, is amended to read:

19.15 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
19.16 relief association does not have a surplus over full funding under subdivision 4, and
19.17 if the municipality is required to provide financial support to the special fund of the
19.18 relief association under this section, the adoption of or any amendment to the articles of
19.19 incorporation or bylaws of a relief association which increases or otherwise affects the
19.20 retirement coverage provided by or the service pensions or retirement benefits payable from
19.21 the special fund of any relief association to which this section applies is not effective until it
19.22 is ratified by the governing body of the municipality served by the fire department to which
19.23 the relief association is directly associated or by the independent nonprofit firefighting
19.24 corporation, as applicable. If the special fund of the relief association has a surplus
19.25 over full funding under subdivision 4, and if the municipality is not required to provide
19.26 financial support to the special fund of the relief association under this section, the relief
19.27 association may adopt or amend its articles of incorporation or bylaws which increase or
19.28 otherwise affect the retirement coverage provided by or the service pensions or retirement
19.29 benefits payable from the special fund of the relief association which are effective without
19.30 municipal ratification so long as this does not cause the amount of the resulting increase in
19.31 the accrued liability of the special fund of the relief association to exceed 90 percent of
19.32 the amount of the surplus over full funding reported in the prior year and this does not
19.33 result in the financial requirements of the special fund of the relief association exceeding
19.34 the expected amount of the future fire state aid and police and firefighter retirement
19.35 supplemental state aid to be received by the relief association as determined by the

board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective the day following final enactment.

ARTICLE 4

RELIEF ASSOCIATION ESTABLISHMENT AND MEMBERSHIP ISSUES

Section 1. Minnesota Statutes 2014, section 424A.001, is amended by adding a subdivision to read:

Subd. 12. **Membership start date.** Membership in a volunteer firefighters relief association begins upon the date of hire by a municipality, a joint powers board, or an independent nonprofit firefighting corporation with which the relief association is directly associated, unless otherwise specified in the relief association bylaws.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 2. Minnesota Statutes 2014, section 424A.002, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A municipal fire department or an independent nonprofit firefighting corporation, with approval by the applicable municipality or municipalities, may establish a new volunteer firefighters relief association or may retain an existing volunteer firefighters relief association. A municipal fire department or an independent nonprofit firefighting corporation may be associated with only one volunteer firefighters relief association at one time.

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

APPENDIX
Article locations in 15-2054

ARTICLE 1	DISBURSEMENT AND ACCOUNTING ISSUES	Page.Ln 1.12
ARTICLE 2	BENEFIT ISSUES	Page.Ln 4.31
ARTICLE 3	STATE AID REFERENCES	Page.Ln 6.14
	RELIEF ASSOCIATION ESTABLISHMENT AND MEMBERSHIP	
ARTICLE 4	ISSUES	Page.Ln 20.13