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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **857**

02/25/2013 Authored by Atkins; Davids; Murphy, M.; Cornish and Savick

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

03/18/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Government Operations

03/20/2013 Adoption of Report: Pass and re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to public pensions; imposing an insurance surcharge; modifying pension  
1.3 aids; providing pension funding; amending Minnesota Statutes 2012, section  
1.4 69.021, by adding a subdivision; proposing coding for new law in Minnesota  
1.5 Statutes, chapter 297I.

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

1.7 Section 1. Minnesota Statutes 2012, section 69.021, is amended by adding a  
1.8 subdivision to read:

1.9 Subd. 12. Surcharge aid accounts. (a) A surcharge fire pension aid account is  
1.10 established in the general fund to receive amounts as provided under section 297I.07,  
1.11 subdivision 3, clause (1). The commissioner shall administer the account and allocate  
1.12 money in the account as follows:

1.13 (1) 17.342 percent as supplemental state pension funding paid to the executive  
1.14 director of the Public Employees Retirement Association for deposit in the public  
1.15 employees police and fire retirement fund established by section 353.65, subdivision 1;

1.16 (2) 8.658 percent to municipalities employing firefighters with retirement coverage  
1.17 by the public employees police and fire retirement plan, allocated in proportion to  
1.18 the relationship that the preceding June 30 number of firefighters employed by each  
1.19 municipality who have public employees police and fire retirement plan coverage bears  
1.20 to the total preceding June 30 number of municipal firefighters covered by the public  
1.21 employees police and fire retirement plan; and

1.22 (3) 74 percent for municipalities other than the municipalities receiving a  
1.23 disbursement under clause (2) which qualified to receive fire state aid in that calendar year,  
1.24 allocated in proportion to the most recent amount of fire state aid paid under subdivision 7  
1.25 for the municipality bears to the most recent total fire state aid for all municipalities other

2.1 than the municipalities receiving a disbursement under clause (2) paid under subdivision  
2.2 7, with the allocated amount for fire departments participating in the voluntary statewide  
2.3 lump-sum volunteer firefighter retirement plan paid to the executive director of the Public  
2.4 Employees Retirement Association for deposit in the fund established by section 353G.02,  
2.5 subdivision 3, and credited to the respective account and with the balance paid to the  
2.6 treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of  
2.7 the applicable volunteer firefighter relief association for deposit in its special fund.

2.8 (b) A surcharge police pension aid account is established in the general fund  
2.9 to receive amounts as provided by section 297I.07, subdivision 3, clause (2). The  
2.10 commissioner shall administer the account and allocate money in the account as follows:

2.11 (1) one-third to be distributed as police state aid as provided under subdivision 7a; and

2.12 (2) two-thirds to be apportioned, on the basis of the number of active police officers  
2.13 certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, between:

2.14 (i) the executive director of the Public Employees Retirement Association for  
2.15 deposit as a supplemental state pension funding aid in the public employees police and fire  
2.16 retirement fund established by section 353.65, subdivision 1; and

2.17 (ii) the executive director of the Minnesota State Retirement System for deposit as a  
2.18 supplemental state pension funding aid in the state patrol retirement fund.

2.19 (c) On or before September 1, annually, the executive director of the Public  
2.20 Employees Retirement Association shall report to the commissioner the following:

2.21 (1) the municipalities which employ firefighters with retirement coverage by the  
2.22 public employees police and fire retirement plan;

2.23 (2) the number of firefighters with public employees police and fire retirement plan  
2.24 employed by each municipality;

2.25 (3) the fire departments covered by the voluntary statewide lump-sum volunteer  
2.26 firefighter retirement plan; and

2.27 (4) any other information requested by the commissioner to administer the surcharge  
2.28 fire pension aid account.

2.29 (d) For this subdivision, (i) the number of firefighters employed by a municipality  
2.30 who have public employees police and fire retirement plan coverage means the number  
2.31 of firefighters with public employees police and fire retirement plan coverage that were  
2.32 employed by the municipality for not less than 30 hours per week for a minimum of six  
2.33 months prior to December 31 preceding the date of the payment under this section and, if  
2.34 the person was employed for less than the full year, prorated to the number of full months  
2.35 employed; and, (ii) the number of active police officers certified for police state aid receipt  
2.36 under section 69.011, subdivisions 2 and 2b means, for each municipality, the number of

3.1 police officers meeting the definition of peace officer in section 69.011, subdivision 1,  
3.2 counted as provided and limited by section 69.011, subdivisions 2 and 2b.

3.3 (e) The payments under this section shall be made on October 1 each year, based  
3.4 on the amount in the surcharge fire pension aid account and the amount in the surcharge  
3.5 police pension aid account on the preceding June 30, with interest at 1 percent for each  
3.6 month, or portion of a month, that the amount remains unpaid after October 1. The  
3.7 amounts necessary to make the payments under this subdivision are annually appropriated  
3.8 to the commissioner from the surcharge fire and police pension aid accounts. Any  
3.9 necessary adjustments shall be made to subsequent payments.

3.10 (f) The provisions of this chapter that prevent municipalities and relief associations  
3.11 from being eligible for, or receiving state aid under this chapter until the applicable  
3.12 financial reporting requirements have been complied with, apply to the amounts payable  
3.13 to municipalities and relief associations under this subdivision.

3.14 **EFFECTIVE DATE.** This section is effective beginning in the fiscal year beginning  
3.15 July 1, 2013.

3.16 **Sec. 2. [2971.07] SURCHARGE ON HOMEOWNERS AND AUTO POLICIES.**

3.17 Subdivision 1. **Surcharge on policies.** (a) Each licensed insurer engaged in writing  
3.18 insurance shall collect a surcharge equal to \$5 per calendar year for each policy issued  
3.19 or renewed during that calendar year for:

3.20 (1) homeowners insurance authorized in section 60A.06, subdivision 1, clause  
3.21 (1)(c); and

3.22 (2) automobile insurance as defined in section 65B.14, subdivision 2.

3.23 (b) The surcharge amount collected under this subdivision must not be considered  
3.24 premium for any other purpose. The surcharge amount must be separately stated on either a  
3.25 billing or policy declaration or document containing similar information sent to an insured.

3.26 Subd. 2. **Collection and administration.** The commissioner shall administer the  
3.27 surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

3.28 Subd. 3. **Deposit of revenues.** The commissioner shall deposit revenues from the  
3.29 surcharge under this section as follows:

3.30 (1) amounts from the surcharge imposed under subdivision 1, paragraph (a), clause  
3.31 (1), in a surcharge fire pension aid account in the general fund; and

3.32 (2) amounts from the surcharge imposed under subdivision 1, paragraph (a), clause  
3.33 (2), in a surcharge police pension aid account in the general fund.

3.34 Subd. 4. **Surcharge termination.** The surcharge imposed under subdivision  
3.35 1 ends on the December 31 next following the actuarial valuation date on which the

4.1 assets of the retirement plan on a market value equals or exceeds 90 percent of the total  
4.2 actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation  
4.3 prepared under section 356.215 and the Standards for Actuarial Work promulgated by the  
4.4 Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan  
4.5 or the public employees police and fire retirement plan, whichever occurs last.

4.6 **EFFECTIVE DATE.** This section is effective for policies issued after June 30, 2013.