

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 191

1.2 A bill for an act

1.3 relating to retirement; various retirement plans; making various statutory changes  
1.4 needed to accommodate the dissolution of the Minnesota Post Retirement  
1.5 Investment Fund; redefining the value of pension plan assets for actuarial  
1.6 reporting purposes; revising various disability benefit provisions of the general  
1.7 state employees retirement plan, the correctional state employees retirement plan,  
1.8 and the State Patrol retirement plan; making various administrative provision  
1.9 changes; establishing a voluntary statewide lump-sum volunteer firefighter  
1.10 retirement plan administered by the Public Employees Retirement Association;  
1.11 revising various volunteer firefighters' relief association provisions; correcting  
1.12 2008 drafting errors related to the Minneapolis Employees Retirement Fund and  
1.13 other drafting errors; granting special retirement benefit authority in certain  
1.14 cases; revising the special transportation pilots retirement plan of the Minnesota  
1.15 State Retirement System; expanding the membership of the state correctional  
1.16 employees retirement plan; extending the amortization target date for the  
1.17 Fairmont Police Relief Association; modifying the number of board of trustees  
1.18 members of the Minneapolis Firefighters Relief Association; increasing state  
1.19 education aid to offset teacher retirement plan employer contribution increases;  
1.20 increasing teacher retirement plan member and employer contributions; revising  
1.21 the normal retirement age and providing prospective benefit accrual rate increases  
1.22 for teacher retirement plans; permitting the Brimson Volunteer Firefighters'  
1.23 Relief Association to implement a different board of trustees composition;  
1.24 permitting employees of the Minneapolis Firefighters Relief Association and  
1.25 the Minneapolis Police Relief Association to become members of the general  
1.26 employee retirement plan of the Public Employees Retirement Association;  
1.27 creating a two-year demonstration postretirement adjustment mechanism for  
1.28 the St. Paul Teachers Retirement Fund Association; creating a temporary  
1.29 postretirement option program for employees covered by the general employee  
1.30 retirement plan of the Public Employees Retirement Association; setting a statute  
1.31 of limitations for erroneous receipts of the general employee retirement plan of  
1.32 the Public Employees Retirement Association; permitting the Minnesota State  
1.33 Colleges and Universities System board to create an early separation incentive  
1.34 program; permitting certain Minnesota State Colleges and Universities System  
1.35 faculty members to make a second chance retirement coverage election upon  
1.36 achieving tenure; including the Weiner Memorial Medical Center, Inc., in the  
1.37 Public Employees Retirement Association privatization law; extending the  
1.38 approval deadline date for the inclusion of the Clearwater County Hospital  
1.39 in the Public Employees Retirement Association privatization law; requiring  
1.40 a report; appropriating money; amending Minnesota Statutes 2008, sections  
1.41 3A.02, subdivision 3, by adding a subdivision; 3A.03, by adding a subdivision;  
1.42 3A.04, by adding a subdivision; 3A.115; 11A.08, subdivision 1; 11A.17,

2.1 subdivisions 1, 2; 11A.23, subdivisions 1, 2; 43A.34, subdivision 4; 43A.346,  
 2.2 subdivisions 2, 6; 69.011, subdivisions 1, 2, 4; 69.021, subdivisions 7, 9;  
 2.3 69.031, subdivisions 1, 5; 69.77, subdivision 4; 69.771, subdivision 3; 69.772,  
 2.4 subdivisions 4, 6; 69.773, subdivision 6; 127A.50, subdivision 1; 299A.465,  
 2.5 subdivision 1; 352.01, subdivision 2b, by adding subdivisions; 352.021, by  
 2.6 adding a subdivision; 352.04, subdivisions 1, 12; 352.061; 352.113, subdivision  
 2.7 4, by adding a subdivision; 352.115, by adding a subdivision; 352.12, by adding  
 2.8 a subdivision; 352.75, subdivisions 3, 4; 352.86, subdivisions 1, 1a, 2; 352.91,  
 2.9 subdivision 3d; 352.911, subdivisions 3, 5; 352.93, by adding a subdivision;  
 2.10 352.931, by adding a subdivision; 352.95, subdivisions 1, 2, 3, 4, 5, by adding  
 2.11 a subdivision; 352B.02, subdivisions 1, 1a, 1c, 1d; 352B.08, by adding a  
 2.12 subdivision; 352B.10, subdivisions 1, 2, 5, by adding subdivisions; 352B.11,  
 2.13 subdivision 2, by adding a subdivision; 352C.10; 352D.06, subdivision 1;  
 2.14 352D.065, by adding a subdivision; 352D.075, by adding a subdivision; 353.01,  
 2.15 subdivisions 2, 2a, 6, 11b, 16, 16b; 353.0161, subdivision 1; 353.03, subdivision  
 2.16 3a; 353.06; 353.27, subdivisions 1, 2, 3, 7, 7b; 353.29, by adding a subdivision;  
 2.17 353.31, subdivision 1b, by adding a subdivision; 353.33, subdivisions 1, 3b, 7,  
 2.18 11, 12, by adding subdivisions; 353.65, subdivisions 2, 3; 353.651, by adding  
 2.19 a subdivision; 353.656, subdivision 5a, by adding a subdivision; 353.657,  
 2.20 subdivision 3a, by adding a subdivision; 353.665, subdivision 3; 353A.02,  
 2.21 subdivisions 14, 23; 353A.05, subdivisions 1, 2; 353A.08, subdivisions 1, 3, 6a;  
 2.22 353A.081, subdivision 2; 353A.09, subdivision 1; 353A.10, subdivisions 2,  
 2.23 3; 353E.01, subdivisions 3, 5; 353E.04, by adding a subdivision; 353E.06, by  
 2.24 adding a subdivision; 353E.07, by adding a subdivision; 353F.02, subdivision 4;  
 2.25 354.05, subdivision 38, by adding a subdivision; 354.07, subdivision 4; 354.33,  
 2.26 subdivision 5; 354.35, by adding a subdivision; 354.42, subdivisions 1a, 2, 3,  
 2.27 by adding subdivisions; 354.44, subdivisions 4, 5, 6, by adding a subdivision;  
 2.28 354.46, by adding a subdivision; 354.47, subdivision 1; 354.48, subdivisions  
 2.29 4, 6, by adding a subdivision; 354.49, subdivision 2; 354.52, subdivisions 2a,  
 2.30 4b; 354.55, subdivisions 11, 13; 354.66, subdivision 6; 354.70, subdivisions  
 2.31 5, 6; 354A.011, subdivision 15a; 354A.096; 354A.12, subdivisions 1, 2a, by  
 2.32 adding subdivisions; 354A.29, subdivision 3; 354A.31, subdivisions 4, 4a, 7;  
 2.33 354A.36, subdivision 6; 354B.21, subdivision 2; 356.20, subdivision 2; 356.215,  
 2.34 subdivisions 1, 11; 356.219, subdivision 3; 356.315, by adding a subdivision;  
 2.35 356.32, subdivision 2; 356.351, subdivision 2; 356.401, subdivisions 2, 3;  
 2.36 356.465, subdivision 1, by adding a subdivision; 356.611, subdivisions 3, 4;  
 2.37 356.635, subdivisions 6, 7; 356.96, subdivisions 1, 5; 422A.06, subdivision 8;  
 2.38 422A.08, subdivision 5; 423C.03, subdivision 1; 424A.001, subdivisions 1, 1a,  
 2.39 2, 3, 4, 5, 6, 8, 9, 10, by adding subdivisions; 424A.01; 424A.02, subdivisions  
 2.40 1, 2, 3, 3a, 7, 8, 9, 9a, 9b, 10, 12, 13; 424A.021; 424A.03; 424A.04; 424A.05,  
 2.41 subdivisions 1, 2, 3, 4; 424A.06; 424A.07; 424A.08; 424A.10, subdivisions 1,  
 2.42 2, 3, 4, 5; 424B.10, subdivision 2, by adding subdivisions; 424B.21; 471.61,  
 2.43 subdivision 1; 490.123, subdivisions 1, 3; 490.124, by adding a subdivision;  
 2.44 Laws 1989, chapter 319, article 11, section 13; Laws 2006, chapter 271, article  
 2.45 5, section 5, as amended; Laws 2008, chapter 349, article 14, section 13;  
 2.46 proposing coding for new law in Minnesota Statutes, chapters 136F; 352B;  
 2.47 353; 354; 356; 420; 424A; 424B; proposing coding for new law as Minnesota  
 2.48 Statutes, chapter 353G; repealing Minnesota Statutes 2008, sections 11A.041;  
 2.49 11A.18; 11A.181; 352.119, subdivisions 2, 3, 4; 352.86, subdivision 3; 352B.01,  
 2.50 subdivisions 1, 2, 3, 3b, 4, 6, 7, 9, 10, 11; 352B.26, subdivisions 1, 3; 353.271;  
 2.51 353A.02, subdivision 20; 353A.09, subdivisions 2, 3; 354.05, subdivision 26;  
 2.52 354.06, subdivision 6; 354.55, subdivision 14; 354.63; 354A.29, subdivisions  
 2.53 2, 4, 5; 356.2165; 356.41; 356.431, subdivision 2; 422A.01, subdivision 13;  
 2.54 422A.06, subdivision 4; 422A.08, subdivision 5a; 424A.001, subdivision 7;  
 2.55 424A.02, subdivisions 4, 6, 8a, 8b, 9b; 424A.09; 424B.10, subdivision 1;  
 2.56 490.123, subdivisions 1c, 1e.

2.57

May 18, 2009

3.1 The Honorable James P. Metzen  
3.2 President of the Senate

3.3 The Honorable Margaret Anderson Kelliher  
3.4 Speaker of the House of Representatives

3.5 We, the undersigned conferees for S.F. No. 191 report that we have agreed upon the  
3.6 items in dispute and recommend as follows:

3.7 That the House recede from its amendment and that S.F. No. 191 be further amended  
3.8 as follows:

3.9 Page 97, delete article 6

3.10 Page 119, after line 18, insert:

3.11 "Sec. 2. Minnesota Statutes 2008, section 423A.02, subdivision 1, is amended to read:

3.12 Subdivision 1. **Amortization state aid.** (a) A municipality in which is located  
3.13 a local police or salaried firefighters' relief association to which the provisions of  
3.14 section 69.77, apply, that had an unfunded actuarial accrued liability in the most recent  
3.15 relief association actuarial valuation, is entitled, upon application as required by the  
3.16 commissioner of revenue, to receive local police and salaried firefighters' relief association  
3.17 amortization state aid if the municipality and the appropriate relief association both comply  
3.18 with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1  
3.19 and 3, and 69.77. ~~If a municipality loses entitlement for amortization state aid in any year  
3.20 because its local relief association no longer has an unfunded actuarial accrued liability,  
3.21 the municipality is not entitled to amortization state aid in any subsequent year.~~

3.22 (b) The total amount of amortization state aid to all entitled municipalities must  
3.23 not exceed \$5,055,000.

3.24 (c) Subject to the adjustment for the city of Minneapolis provided in this paragraph,  
3.25 the amount of amortization state aid to which a municipality is entitled annually is an  
3.26 amount equal to the level annual dollar amount required to amortize, by December 31,  
3.27 2010, the unfunded actuarial accrued liability of the special fund of the appropriate  
3.28 relief association as reported in the December 31, 1978, actuarial valuation of the  
3.29 relief association prepared under sections 356.215 and 356.216, reduced by the dollar  
3.30 amount required to pay the interest on the unfunded actuarial accrued liability of the  
3.31 special fund of the relief association for calendar year 1981 set at the rate specified in  
3.32 Minnesota Statutes 1978, section 356.215, subdivision 8. For the city of Minneapolis, the  
3.33 amortization state aid amount thus determined must be reduced by \$747,232 on account of  
3.34 the Minneapolis Police Relief Association and by \$772,768 on account of the Minneapolis  
3.35 Fire Department Relief Association. If the amortization state aid amounts determined

4.1 under this paragraph exceed the amount appropriated for this purpose, the amortization  
 4.2 state aid for actual allocation must be reduced pro rata.

4.3 (d) Payment of amortization state aid to municipalities must be made directly to  
 4.4 the municipalities involved in three equal installments on July 15, September 15, and  
 4.5 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer  
 4.6 shall transmit the aid amount to the treasurer of the local relief association for immediate  
 4.7 deposit in the special fund of the relief association.

4.8 (e) The commissioner of revenue shall prescribe and periodically revise the form for  
 4.9 and content of the application for the amortization state aid.

4.10 Sec. 3. Minnesota Statutes 2008, section 423A.02, subdivision 3, is amended to read:

4.11 Subd. 3. **Reallocation of amortization or supplementary amortization state**  
 4.12 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year  
 4.13 amortization aid or supplemental amortization aid distributed under subdivisions 1 and 1a  
 4.14 that is not distributed for any reason to a municipality for use by a local police or salaried  
 4.15 fire relief association must be distributed by the commissioner of revenue according to this  
 4.16 paragraph. The commissioner shall distribute ~~70~~ 50 percent of the amounts derived under  
 4.17 this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers  
 4.18 Retirement Fund Association, and ~~30~~ 40 percent to the St. Paul Teachers Retirement Fund  
 4.19 Association to fund the unfunded actuarial accrued liabilities of the respective funds.  
 4.20 These payments shall be made on or before June 30 each fiscal year. The amount required  
 4.21 under this paragraph is appropriated annually from the general fund to the commissioner  
 4.22 of revenue. If the St. Paul Teachers Retirement Fund Association becomes fully funded,  
 4.23 its eligibility for this aid ceases. Amounts remaining in the undistributed balance account  
 4.24 at the end of the biennium if aid eligibility ceases cancel to the general fund.

4.25 (b) In order to receive amortization and supplementary amortization aid under  
 4.26 paragraph (a), Independent School District No. 625, St. Paul, must make contributions  
 4.27 to the St. Paul Teachers Retirement Fund Association in accordance with the following  
 4.28 schedule:

4.29	Fiscal Year	Amount
4.30	1996	\$ 0
4.31	1997	\$ 0
4.32	1998	\$ 200,000
4.33	1999	\$ 400,000

5.1	2000	\$ 600,000
5.2	2001 and thereafter	\$ 800,000

5.3 (c) Special School District No. 1, Minneapolis, and the city of Minneapolis must  
 5.4 each make contributions to the Teachers Retirement Association in accordance with the  
 5.5 following schedule:

5.6	Fiscal Year	City amount	School district
5.7			amount
5.8	1996	\$ 0	\$ 0
5.9	1997	\$ 0	\$ 0
5.10	1998	\$ 250,000	\$ 250,000
5.11	1999	\$ 400,000	\$ 400,000
5.12	2000	\$ 550,000	\$ 550,000
5.13	2001	\$ 700,000	\$ 700,000
5.14	2002	\$ 850,000	\$ 850,000
5.15	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

5.16 (d) Money contributed under paragraph (a) and either paragraph (b) or (c), as  
 5.17 applicable, must be credited to a separate account in the applicable teachers retirement  
 5.18 fund and may not be used in determining any benefit increases. The separate account  
 5.19 terminates for a fund when the aid payments to the fund under paragraph (a) cease.

5.20 (e) Thirty percent of the difference between \$5,720,000 and the current year  
 5.21 amortization aid or supplemental amortization aid under subdivisions 1 and 1a that is not  
 5.22 distributed for any reason to a municipality for use by a local police or salaried firefighter  
 5.23 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),  
 5.24 as additional funding to support a minimum fire state aid amount for volunteer firefighter  
 5.25 relief associations. The amount required under this paragraph is appropriated annually to  
 5.26 the commissioner of revenue."

5.27 Amend the title as follows:

5.28 Page 1, line 17, delete everything after the semicolon

5.29 Page 1, delete lines 18 to 20

5.30 Page 1, line 21, delete everything before the semicolon and insert "modifying  
 5.31 amortization state aid and supplemental amortization state aid"

5.32 Renumber the sections and articles in sequence

6.1 Correct the title numbers accordingly

7.1 We request the adoption of this report and repassage of the bill.

7.2 Senate Conferees: (Signed)

7.3 .....  
7.4 Don Betzold Sandra Pappas

7.5 .....  
7.6 Mary Olson Ann Lynch

7.7 .....  
7.8 Julie Rosen

7.9 House Conferees: (Signed)

7.10 .....  
7.11 Mary Murphy Phyllis Kahn

7.12 .....  
7.13 Paul Thissen Michael V. Nelson

7.14 .....  
7.15 Steve Smith