

CHAPTER 726—H. F. No. 1724

[Coded]

An act relating to school districts; authorizing school boards to join or to permit its schools to join certain organizations.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. [125.51] **Schools authorized to join associations.** [Subdivision 1.] Any school board may join or permit its schools to join any organization, association or league which has as its object the promotion of sport or the adoption of rules and regulations for the conduct of athletic, oratorical, musical, dramatic or other contests by or between school children provided that such organization, association or league provides in its constitution or by-laws that the commissioner of education or as his representative the supervisor of physical and health education shall be an ex-officio member of its governing body with the same rights and privileges as other members of its governing body.

[Subd. 2.] **Report to legislature.** The commissioner of education shall make a report to the legislature on or before each regular session thereof as to the activities of any such organization, association or league of which he is an ex-officio member and shall recommend to the legislature whether any legislation is made necessary by such activities.

Approved April 26, 1957.

CHAPTER 727—H. F. No. 1807

An act relating to retirement allowances for employees in cities of the first class; amending Minnesota Statutes 1953, Sections 422.05, 422.10, 422.13.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1953, Section 422.05, is amended to read:

422.05 Classification of employees. Employees of the city shall be divided into a contributing class, a non-contributing class, and an exempt class.

The contributing class shall consist of all employees not included in either of the other two classes, and shall be subdivided into present incumbents, employees in the service

of the city at the date this chapter becomes effective therein, who elect to become contributors to and prospective beneficiaries of the fund created by this chapter, and future entrants, employees who enter the service of the city subsequent to the date this chapter becomes effective therein.

Any employee in the service of any public corporation now or hereafter created in and for any two or more contiguous cities, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, may become a member of the contributing class by giving a written notice to the retirement board of his acceptance of and his desire to avail himself of the provisions of this chapter, within six months from the date of the passage of Laws 1945, Chapter 181, or of his employment, whichever is the later date.

The non-contributing class shall consist of all employees, including common laborers, whose individual pay or compensations do not exceed \$750 per annum; provided, that when the compensation of an employee who is paid on a monthly basis equals or exceeds \$62.50 per month on a 12-month basis, such employee shall be classified as a contributor and shall from and after such time contribute to the fund and assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, specifically set forth in this chapter.

From and after the end of the calendar year in which the average annual compensation of any employee who is paid on a day basis equals or exceeds \$750 per calendar year during his period of service with the city, such employee from and after such date shall be classified as a contributor and shall assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as specifically set forth in this chapter.

Any employee in the non-contributing class may, upon written application filed with the retirement board prior to attaining the age of 50 years, elect to become a member of the contributing class, and shall then assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as specifically set forth in this chapter.

The exempt class shall consist of:

(1) Employees who are members of an organization or association of *such city* on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees;

(2) Persons filling elective position. Provided that any elective officer holding an elective position, as those terms are defined herein, shall upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of 20 or more years of service. All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, as in this act defined, or member of an executive board or commission or any combination thereof. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund herein provided for an amount which shall be equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since January 1, 1922, or date of election or employment, whichever is later, in accordance with the method of contribution herein provided for, plus four percent compound interest.

Any pension due and payable to an elective officer who claims credit for service as a member of an executive board or commission shall not exceed \$200 per month computed under the single life plan but subject to the option selections provided for in Section 422.08 Minnesota Statutes 1953;

(3) Persons serving without pay;

(4) Persons serving on executive boards. Provided that any person serving on an executive board or commission shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance which shall be granted only upon completion of 20 or more years of service.

All retirement allowances shall be computed, determined and paid for in the same manner as for employees, as provided herein, except that in determining the number of years of service, credit shall be given for time served as a member of an executive board or commission, employee, or elective officer, or any combination thereof.

Before receiving this retirement allowance, or any other benefit, the person who claims credit for service under this section shall contribute to the fund an amount which shall be

equal to the amount of contributions to the fund which would have been made had he been a contributor to the fund since January 1, 1922, or date of becoming a member of an executive board or commission or elective officer or employee, whichever is later, in accordance with the method of contribution in this chapter provided, plus four percent compound interest.

Said service shall include periods of service at different times and service for one or more executive boards or commissions, but periods of separation from the service shall not be included.

Any pension due and payable to any person who claims credit for service as a member of an executive board or commission shall not exceed \$100 per month computed under the single life plan but subject to the option selections provided for in Section 422.08, Minnesota Statutes 1953;

(5) Pupil nurses, internes and staff physicians employed at the city hospitals;

(6) Employees in the service of the city at the time this chapter is adopted, who, after such adoption, have not given written notice of a desire to accept the provisions of this chapter;

(7) Persons not citizens of the United States;

(8) Employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class, who do not within six months from the date of the passage of Laws 1945, Chapter 181, or the date when they enter the service of said corporation, whichever is later, give written notice to the retirement board of their acceptance of and desire to avail themselves of the provisions of this chapter. Any such employee who failed to give notice to the retirement board within the six months herein required may by written application to the retirement board made within 60 days after the passage of Laws 1953, Chapter 681, become a contributing member of the retirement fund.

Any employee who makes an application as herein provided shall receive credit for service in such public corporation only upon contribution to the retirement fund of the amount which would have been contributed to such fund at the required percentage rate, plus four percent compound interest, had such application been made within the time prescribed by Laws 1945, Chapter 181, and only upon approval of the governing board or commission of such public corporation.

Sec. 2. Minnesota Statutes 1953, Section 422.10, is amended to read:

422.10 Salary deductions. Beginning on the first day of July, 1951, and thereafter throughout the period of employment, there shall be deducted and withheld from the basic salary, pay, or compensation of each employee in the contributing class five percent of such salary, pay, or compensation, except as hereinafter provided.

Employees who are members of and contributing to the retirement fund on the first day of July, 1951, and who at said time are contributing to said fund at a rate of less than five percent, may continue to contribute at said lesser rate. Any such employee may make an application in writing to the retirement board for permission to have the lesser rate of contribution increased to five percent. Such application, when accepted, shall be final and irrevocable.

The retirement board is authorized to increase the percentage rate of contribution to the retirement fund of any employee or employees for the purpose of establishing and maintaining on an actuarial basis a plan of insurance, survivors benefits, or other type of benefit or benefits, the cost of which shall be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided.

Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan shall be the property of the fund, and shall be credited to the reserve for loss on investment account. Any employee who engages in or has engaged in active service in time of war or other emergency declared by proper authority, in any of the military or naval forces of the state or of the United States, shall receive credit for such period of military service as though actually employed by such city, provided such employee was a member of the contributing class of the retirement fund at the time of entrance into military service. *Employees of a public corporation, as defined in subdivision 19, section 422.01, who were in military service prior to the enactment of Laws 1945, Chapter 181, and who returned to the service of such public corporation and subsequently became members of the contributing class of the retirement fund, shall receive credit for such period of military service as though actually employed by such public corporation during such period of military service.* Employees on leave of absence or lay-off at time of entrance into military service as herein provided shall be considered employees for the purposes of this chapter.

The retirement board shall determine and compute the amount of the contributions which said employee would have made to such fund if his employment had not been interrupted by such military service. The amount so determined and computed by the retirement board shall constitute an obligation of and be paid by the city, or *public corporation*, and shall be credited to the contribution account of such employee. In determining the amount of contributions that the employee would have made if he had not entered military service, consideration shall be given to the employment service of employees who did not enter military service with like classification, seniority rights, length of service, and other factors determining probable time of employment.

In the event that such employee becomes separated from the service, except by retirement or death, prior to the expiration of five years subsequent to the date on which he was reinstated as an employee, such contribution may not be withdrawn by said employee, but shall be canceled and credited to the reserve for annuities account of this fund. If an employee returns to the service after being separated as provided herein, credit shall be granted upon payment of the separation refund required by section 422.09. In determining the five year period, there shall be included only time of actual employment.

Every employee to whom this chapter applies, who shall continue in the service after the passage of Laws 1919, Chapter 522, as well as every person to whom this chapter applies who may hereafter be appointed to a position or place, shall be deemed to consent and agree to the deductions made and provided for herein, and payment with such deductions, for service, shall be a full and complete discharge and acquittance of all claims and demands for all services rendered by such person during the period covered by such payment; except his claim to the benefits to which he may be entitled under the provisions of this chapter.

Any employee who becomes entitled to a retirement allowance and who retires without having paid into the retirement fund the full amount required by this chapter shall have the option of electing to receive such allowance on the basis of the actuarial equivalent of the net balance of debits and credits to his account at the time, or on the basis of the actuarial equivalent of the total credits at date of retirement, initial and successive instalments of the allowance to be applied on any indebtedness of such employee to the retirement fund until such indebtedness is paid, any instalments so credited to be treated as if actually paid to the annuitant entitled to such allowance.

No employee shall be required to contribute to the retirement fund for a period in excess of 30 years; all contributions made thereafter to this fund shall be voluntary.

Subject to such terms and conditions and to such rules and regulations as the retirement board may adopt, any contributor from time to time may:

(1) Increase or decrease his rate of contribution to the retirement fund, but in no event shall the contribution be less than the minimum contribution specified in the provisions of this chapter.

(2) Withdraw from his individual account in the retirement fund the amount in excess of the minimum accumulation resulting from the deductions specified in the provisions of this chapter.

(3) Withdraw, after having become eligible for service retirement, such part of his net accumulated contributions as shall be in excess of the amount necessary to procure the minimum annuity to which he would be entitled at the expiration of 30 years of service.

Sec. 3. Minnesota Statutes 1953, Chapter 422.13, is amended to read:

422.13 City's financial responsibility; statement of requirements; tax levy. Interest as provided in this chapter and the payment of all pensions, annuities, retirement allowances, refunds, and death benefits granted by the retirement board under the provisions of this chapter are hereby made obligations of the city. All income, interest, and dividends derived from deposits and investments authorized by this chapter shall be placed to the credit of the retirement fund.

Prior to August 31st of each successive year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year.

This statement shall include:

1. An estimate of the administrative expense of the retirement board less:

(a) Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees operating in and for two or more contiguous cities of the first class who have availed themselves of the provision of *Minnesota Statutes 1953, Chapter 422.13*.

2. An estimated amount not to exceed four percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for retirement purposes by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation operating in and for two or more contiguous cities of the first class.

3. The estimated amount required for payment of retirement allowances and other benefits from the contingent fund.

4. The total of items 1, 2 and 3 above shall be increased by such part of the actuarial deficit as may be determined by the retirement board or decreased by the surplus of the annuity reserve fund as determined by an actuarial valuation as of the preceding June 30.

A copy of such statement shall be submitted to the board of estimate and taxation and to the city council, or other chief governing body, prior to September 15 of each successive year for their inspection.

The city council or chief governing body or any board or commission may by proper action provide for the inclusion in the cost of operating any city owned public utility and may include in the cost of any improvement project and other municipal activities supported in whole or in part by revenues other than taxes, the cost of the retirement benefits accruing under this act for employees of such utility or employed on such improvement projects or other activities. Such costs shall be determined by the retirement board and the respective governing bodies having jurisdiction over financing such costs.

The amounts so transferred to the retirement fund shall be deducted from the tax request herein before outlined insofar as such amount shall be applicable to current and accrued requirements. The council or chief governing body is hereby authorized to transfer to the retirement fund all or part of any sums now on hand which have been previously reserved for this purpose.

Except as herein and in the following paragraph set forth, no appropriation shall be made to pay the cost of retirement allowances or other benefits granted to employees of a public

corporation now or hereafter created in and for two or more contiguous cities of the first class who have elected to avail themselves of the benefits of *Minnesota Statutes 1953, Chapter 422.13*. The cost of retirement allowance and other benefits inuring to such employees shall be an obligation of and paid by such public corporation. At such time as the retirement board shall fix and determine, such public corporation shall pay to the retirement fund the amount certified to such corporation by the retirement board as the cost of the retirement allowances and other benefits accrued and owing for the employees of such corporation.

Any employee of a public corporation created in and for the two contiguous cities of the first class, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, who was an employee as herein defined of a city of the first class prior to his employment by such a public corporation, and who was a member of or had accrued benefits in an organized retirement fund of such city, shall be allowed credit in the retirement fund for such employment with a city in the same manner as though he had continued in the service of such city. The cost of that portion of the retirement allowance or other benefits accrued while such employee was in the service of the city shall be an obligation of the city, and a tax shall be levied and collected to discharge such obligation as herein provided.

Any contributor or retired employee who prior to entering the service of a city of the first class was an employee of a public corporation created in and for two or more contiguous cities of the first class shall be allowed credit in the retirement fund for employment by such public corporation in the same manner as though the service had been rendered to such city.

Before receiving credit for service rendered to a public corporation as herein set forth, the contributing or retired employee shall make application therefor in writing to the retirement board, and shall contribute to the retirement fund the amount which would have been contributed had the employee been a contributing member of the fund during the time such service was rendered to the public corporation, plus four percent compound interest to date of payment or date of retirement, such amount to be found and determined by the retirement board.

The retirement board in charge of operating the system is hereby authorized to re-compute the retirement allowance of any retired employee who qualified under the provisions of this act and to pay to the employee the increased pension thereby determined, providing the public corporation which

previously employed such employee consents and agrees to pay the cost of the additional benefits gained by such employee as the result of the service rendered to such corporation such additional cost to be paid in the same manner as other benefits are paid for, as provided in Minnesota Statutes 1953, Chapter 422, authority being hereby granted to such corporation to pay such cost.

It shall be the duty of the city council or other chief governing body of such city, in addition to all other taxes levied by such city, to annually levy a tax for the purposes set forth in this chapter, and such tax when levied shall be extended upon the county lists and collected and enforced in the same manner as other taxes levied by such city are extended, collected and enforced. The proceeds of such taxes shall be paid into the city treasury to the credit of the retirement fund, which shall constitute and remain a special fund and shall be used only for the payment of obligation created pursuant to the provision of this chapter.

The rate of interest to be used as a basis for calculation, except as otherwise specified, shall be the average rate of interest received from the invested portion of the retirement fund, but not less than the average rate of interest paid by the banks of the city on savings deposits, calculated to the nearest one-fourth percent.

Approved April 26, 1957.

CHAPTER 728—H. F. No. 1862

An act relating to eminent domain proceedings; amending Minnesota Statutes 1953, Sections 117.16 and 117.20.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1953, Section 117.20, is amended to read:

117.20 Proceedings by state, its agencies, or political subdivisions. *Subdivision 1.* In eminent domain proceedings instituted by the state or by any of its agencies or political subdivisions as petitioners under the provisions of this chapter, the procedure shall be as follows:

Subd. 2. The report of the commissioners shall be filed with the clerk of district court within 90 days from the date of the order appointing the commissioners, *unless such order otherwise prescribes*, but for cause shown *upon written mo-*