state water pollution control bonds in the amount of ~~$25,000,000~~ $55,000,000, in the manner and upon the conditions prescribed in section 116.17 and in the Constitution, Article IX, Section 6. The proceeds of such bonds, except as provided in section 116.17, subdivision 5, are appropriated and shall be credited to the Minnesota state water pollution control fund. The amount of bonds issued pursuant to this authorization shall not exceed at any time the amount needed to produce a balance in the water pollution control fund equal to the aggregate amount of grants then approved and not previously disbursed, plus the amount of such grants to be approved in the current and the following fiscal year, as estimated by the pollution control agency.

Approved May 24, 1973.

CHAPTER 772—H.F.No.2473

An act relating to retirement; interest assumptions for police and firemen's relief purposes; amending Minnesota Statutes 1971, Sections 69.73; 69.77, Subdivision 2; and 69.772, Subdivision 3.

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

Section 1. Minnesota Statutes 1971, Section 69.73, is amended to read:

69.73 **RETIREMENT; FIRE AND POLICE DEPARTMENTS; ASSUMPTION OF INTEREST; CONTENT.** The actuarial survey shall be prepared in accordance with the entry age normal cost (level normal cost) method and shall include the following:

(1) A census of each of active and deferred annuitant classes by attained age, sex, and service. The census shall show number of members, their aggregate salary, their contributions for the past plan year, and their prospective retirement annuities under the plan.

(2) A census of each of the classes of retired members, disabled members, and survivors of members by type of annuity, attained age and sex (and duration where applicable). The census shall show number of retirants and amount of annual annuity payable as of the survey date.

(3) An actuarial balance sheet showing assets, liabilities, and the deficit from full funding of liabilities.

(4) A statement of assumptions made in determining present values of benefits and contributions, including the following:

(a) Interest rate of ~~three~~ five percent per annum

(b) *Mortality rates (before and after retirement)*

(c) Withdrawal rate

(d) Salary scale

(e) In each future year the salary on which a retirement benefit is based is ~~1.03~~ 1.035 multiplied by such salary for the preceding year.

(5) Each actuarial survey shall include findings as to:

(a) The normal support rate required to adequately finance currently accruing liabilities, which shall be the entry age normal cost (level normal cost). The normal cost shall be expressed as a level percentage of current and projected future participating payroll based upon the assumption set forth in (4) (e).

(b) Such additional annual rate of support as is required to amortize the deficits found by the end of the fiscal year of the fund occurring in 2007. The unfunded past service cost shall be determined in accordance with the entry age normal cost method. Each actuarial survey report shall state the number of dollars of level normal contribution required to amortize the current unfunded past service as herein provided.

In the case of a governmental subdivision retirement fund described in section 1(e) in lieu of finding level cost to amortize the unfunded deficit by the year 2007, the following requirements shall apply:

The normal cost shall be adjusted by such amount as may be necessary to provide for any gains or losses resulting from actual experience deviating from the actuarial assumptions on which previous valuations were based.

Sec. 2. Minnesota Statutes 1971, Section 69.77, Subdivision 2, is amended to read:

Subd. 2. Subdivision 1 does not apply to an association described in subdivision 1 under the following circumstances:

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1970, a contribution for retirement and survivorship benefits of not less than six percent of the maximum rate of salary from which retirement and survivorship credits and

amounts of benefits are determined, and that such contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1970 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firemen, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

(2) The officers of the association determine on or before September 1 of each year commencing in 1970 the financial requirements and minimum obligation of the association for the following calendar year in accordance with the following requirements:

Until a later actuarial survey is prepared in accordance with sections 69.71 to 69.76, the association shall determine its financial requirements by basing the same on the actuarial survey prepared as of December 31, 1967, copies of which are on file with the legislative retirement study commission, the chief clerk of the house of representatives, and the secretary of the senate; thereafter the financial requirements are determined by the most recent actuarial survey prepared in accordance with sections 69.71 to 69.76.

The normal level cost expressed as a percent of covered payroll determined from the actuarial survey shall be applied to the estimated covered payroll of the membership for the following year to determine the dollar amount of normal cost for said following year.

To the dollar amount of normal cost thus determined shall be added the amount of one year's interest at ~~three~~ five percent on the amount of the (deficit) unfunded liability found by the actuarial survey of the fund.

The total of these two amounts represents the financial requirements of the association for the following year.

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less member contributions herein provided from covered salary and less one year's estimated receipts expected from the state of Minnesota through state collected insurance premium taxes or other state aids. The minimum obligation may, by vote of the governing body of the governmental *subdivision, be reduced to the amount levied in the preceding year* for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body not later than September 1 of each year so that it may ascertain if it *has been prepared in accordance with law.*

(4) The governmental subdivision shall provide and pay as promptly as funds are available to the association at least the amount of the minimum obligation each year. Any portion of this amount not paid to the association at the end of any calendar year shall be increased at the rate of six percent per annum until so paid. On September 1 of any year the unpaid amount subject to interest shall be added to the obligation of the governmental subdivision.

(5) The governmental subdivision shall provide in its annual budget at least its minimum obligation and may levy taxes for the payment thereof without limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of any fund of the association has attained a specified level; the levy of such taxes shall not cause the amount of other taxes levied or to be levied by the governmental subdivision, which are subject to any such limitation, to be reduced in any amount whatsoever. If the governmental subdivision does not include the full amount of the minimum obligation in its levy for any year, the association may certify that amount to the county auditor, who shall spread a levy in the amount of such obligation.

(6) Moneys paid by the governmental subdivision to the association in excess of the minimum amount so required shall be applied to the reduction in the unfunded liabilities of the association.

(7) The funds of the association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system, except that up to $10,000 may be invested in the stock of any one corporation. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on the date of enactment of this section. The governing board of the association may select and

appoint investment agencies to act for and in its behalf or may certify funds for investment in the state board of investment under the provisions of section 11.21.

(8) The association shall procure an actuarial survey showing the condition of its fund as of December 31, 1970, and not less frequently than each four years thereafter. Such survey shall be filed with the chief clerk of the house of representatives, the secretary of the senate, the governing body of the municipality in which the association is organized, and the secretary of any legislative committee or commission duly created and having within its jurisdiction the study of pension plans and pension funds, not later than June 1 of the following year in the manner described in sections 69.71 to 69.76.

Sec. 3. Minnesota Statutes 1971, Section 69.772, Subdivision 3, is amended to read:

Subd. 3. The financial requirements of the fund shall be determined in the following manner:

(1) During the month of July, 1971, the total present liability of the special fund shall be calculated by the officers of the fund and it shall be the sum of the individual accrued liabilities for years of service of all active members through December 31, 1971. Fractional service years shall be calculated to the nearest full year of service.

(2) During the month of July 1, 1971, the total present assets of the special fund, projected to December 31, 1971, shall be calculated. This projection shall include anticipated receivables to the fund and anticipated disbursements from the fund to the end of the year. In following years, the current assets of the fund shall be determined in the same manner, projected to December 31 of that year.

(3) The amount by which the essential fund calculations of liability as determined by paragraph 1 exceeds or is less than the assets as determined by paragraph 2, shall be considered the deficit or surplus of the fund, as the case may be.

(4) Prior to August 1, 1971, and prior to each August 1 thereafter, the officers of the fund shall determine the projected accrued liability of the fund for the following calendar year in the same manner as the accrued liability of the present calendar year was determined, both calculated as of December 31.

(5) The total financial requirements of the special fund for the following year shall be the net amount of increase in the accrued liability of the following year over the present year with the following adjustments:

(a) From the total net increase shall be deducted the anticipated amount of any state aid to be received during the following calendar year, pursuant to chapter 69.

(b) From the total increase shall be deducted an assumed ~~three~~ five percent interest on the projected assets of the fund calculated as of the end of the present calendar year, determined in the manner prescribed in paragraph 2.

(c) To the total increase in accrued liability shall be added an amount equal to one tenth of the deficit, if any, as determined on the original computation of accrued liability and assets for the year 1971. Such one tenth shall be added each year until the assets of the special fund are equal to the accrued liability as annually determined.

(d) At any time that the special fund has a surplus where present assets exceed the present accrued liability, the financial requirements for the ensuing year shall be the amount that the accrued liability for said year, after the adjustments described in this paragraph have been made, exceeds the assets of the fund.

Sec. 4. This act is effective July 1, 1973.

Approved May 24, 1973.

CHAPTER 773—H.F.No.2482

[Not Coded]

An act relating to taxation; providing for the correction of mill rates stated in Minnesota Statutes.

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

Section 1. **TAXATION; MILL RATE CORRECTION.** In the next and subsequent editions of Minnesota Statutes, wherever a mill rate is stated which is subject to correction pursuant to Minnesota Statutes, Section 273.1102, the revisor of statutes shall substitute the corrected mill rate for that previously stated. Each correction pursuant to this act is an amendment of the law corrected.

Sec. 2. This act is effective the day following its final enactment.

Approved May 24, 1973.

Changes or additions indicated by underline, deletions by ~~strikeout~~.