

## Sec. 20. APPROPRIATION.

\$19,000 is appropriated from the general fund to the secretary of state for implementation of this act.

Presented to the governor April 28, 1994

Signed by the governor April 29, 1994, 2:35 p.m.

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**CHAPTER 540—S.F.No. 1867****VETOED**

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**CHAPTER 541—H.F.No. 2839**

*An act relating to retirement; changing employer contribution rates for the volunteer fire relief associations paying monthly pensions; changing employer contribution rates for the Bloomington fire relief association; clarifying probationary employment for South St. Paul police relief association; amending Minnesota Statutes 1992, section 69.773, subdivision 4.*

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

Section 1. Minnesota Statutes 1992, section 69.773, subdivision 4, is amended to read:

Subd. 4. **FINANCIAL REQUIREMENTS OF THE SPECIAL FUND.** Prior to August 1 of each year, the officers of the relief association shall determine the financial requirements of the special fund of the relief association in accordance with the requirements of this subdivision. The financial requirements of the relief association shall be based on the most recent actuarial valuation of the special fund prepared in accordance with subdivision 2. If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation, the financial requirements shall be determined by adding the figures calculated pursuant to clauses (a), (b), and (c). If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation, the financial requirements shall be an amount equal to the figure calculated pursuant to clauses (a) and (b), reduced by an amount equal to one-tenth of the amount of any assets in excess of the actuarial accrued liability of the relief association. The determination of whether or not the relief association has an unfunded actuarial accrued liability shall be based on the current market value of assets for which a market value is readily ascertainable and the cost or book value, whichever is applicable, for assets for which no market value is readily ascertainable.

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(a) The normal level cost requirement for the following year, expressed as a dollar amount, shall be the figure for the normal level cost of the relief association as reported in the actuarial valuation.

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

(c) The amortization contribution requirement to retire the current unfunded actuarial accrued liability by the established date for full funding shall be the figure for the amortization contribution as reported in the actuarial valuation. If there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the special fund, a change in the bylaws of the relief association governing the service pensions, retirement benefits, or both payable from the special fund or a change in the actuarial cost method used to value all or a portion of the special fund which change or changes, which by themselves without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability of the special fund since December 31, 1970, the established date for full funding shall be December 31, 1990. If there has been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the special fund, a change in the bylaws of the relief association governing the service pensions, retirement benefits, or both payable from the special fund or a change in the actuarial cost method used to value all or a portion of the special fund and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability of the special fund since December 31, 1970, but prior to January 1, 1979, the established date for full funding shall be December 31, 1998, and if there has been a change since December 31, 1978, the established date for full funding shall be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the special fund shall be determined in accordance with the provisions governing service pensions, retirement benefits, and actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution needed to amortize this unfunded actuarial accrued liability amount by the date for full funding in effect prior to the change shall be calculated using the interest assumption specified in section 356.215, subdivision 4d, in effect before any applicable change;

(iii) the unfunded actuarial accrued liability of the special fund shall be determined in accordance with any new provisions governing service pensions, retirement benefits, and actuarial assumptions and the remaining provisions governing service pensions, retirement benefits, and actuarial assumptions in effect before an applicable change;

(iv) the level annual dollar contribution needed to amortize the difference between the unfunded actuarial accrued liability amount calculated pursuant to subclause (i) and the unfunded actuarial accrued liability amount calculated pur-

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suant to subclause (iii) over a period of 20 years starting December 31 of the year in which the change is effective shall be calculated using the interest assumption specified in section 356.215, subdivision 4d, in effect after any applicable change;

(v) the annual amortization contribution calculated pursuant to subclause (iv) shall be added to the annual amortization contribution calculated pursuant to subclause (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in subclause (iii) will be amortized by the total annual amortization contribution computed pursuant to subclause (v) shall be calculated using the interest assumption specified in section 356.215, subdivision 4d, in effect after any applicable change, rounded to the nearest integral number of years, but which shall not exceed a period of 20 years from the end of the year in which the determination of the date for full funding using this procedure is made and which shall not be less than the period of years beginning in the year in which the determination of the date for full funding using this procedure is made and ending by the date for full funding in effect before the change.

(vii) the period determined pursuant to subclause (vi) shall be added to the date as of which the actuarial valuation was prepared and the resulting date shall be the new date for full funding.

#### Sec. 2. BLOOMINGTON FIRE RELIEF ASSOCIATION.

Notwithstanding requirements of Minnesota Statutes, section 69.77, subdivision 2b, to the contrary, for a volunteer fire relief association described by Minnesota Statutes, section 69.77, subdivision 1a, clause (4), if the actuarial value of the assets of the relief association exceed the actuarial accrued liability as reported in the most recent actuarial valuation or survey, the financial requirements of the relief association for the following calendar year is the total of the amounts calculated under Minnesota Statutes, section 69.77, subdivision 2b, clauses (a) and (b), reduced by one-tenth of the amount by which the actuarial value of assets exceeds the actuarial accrued liability.

#### Sec. 3. SOUTH ST. PAUL POLICE RELIEF ASSOCIATION; CLARIFICATION OF UNCREDITABLE PROBATIONARY EMPLOYMENT.

(a) Notwithstanding any provision of Minnesota Statutes, sections 423.37 to 423.392, or any other law to the contrary, a member of the South St. Paul police relief association who was initially hired as a police officer by the city of South St. Paul after September 1, 1978, and before March 1, 1979, and who did not receive service credit in the relief association for that portion of a period spent as a probationary employee that exceeded six months is entitled to receive service credit in the relief association for the probationary employment period in excess of six months.

(b) To receive service credit authorized by paragraph (a), the member must pay the member contributions that would have been made if the person had

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been a relief association member during the eligible period, plus annual compound interest on that amount at the rate of five percent.

(c) The balance of the actuarial accrued liability for the service credit granted under paragraph (a) that was not paid under paragraph (b) must be included in the next actuarial valuation of the South St. Paul police relief association under Minnesota Statutes, sections 356.215 and 356.216, and the resulting amortization requirement must be included in the calculation of the minimum municipal obligation of the city of South St. Paul under Minnesota Statutes, section 69.77.

#### Sec. 4. EFFECTIVE DATE.

Section 1 is effective the day following final enactment. Section 2 is effective upon approval of the Bloomington city council and upon compliance with Minnesota Statutes, section 645.021. Section 3 is effective upon approval by the South St. Paul city council and compliance with Minnesota Statutes, section 645.021.

Presented to the governor April 28, 1994

Signed by the governor April 29, 1994, 2:32 p.m.

### CHAPTER 542—H.F.No. 2478

*An act relating to retirement; first class city teachers; defining salary; authorizing purchase of service credit for parental or maternity leave; resumption of teaching by basic program retirees; authorizing the board of the Minneapolis teachers retirement fund association to amend the bylaws or articles of incorporation to provide for parental or maternity leave; amending Minnesota Statutes 1992, sections 354A.011, subdivision 24; 354A.095; and 354A.31, subdivision 3.*

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

Section 1. Minnesota Statutes 1992, section 354A.011, subdivision 24, is amended to read:

Subd. 24. **SALARY.** (a) "Salary" or "covered salary" means the entire compensation paid to a teacher excluding any lump sum annual leave or sick leave payments and all forms of severance payments, even if a portion of the compensation is paid from other than public funds, upon which member contributions are required and made, that is paid to a teacher before any allowable reductions permitted under the federal Internal Revenue Code of 1986, as amended, for employee selected fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these items.

(b) "Salary" does not mean:

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