

\$19,000 the first year and \$19,000 the second year is for a grant to the Minnesota livestock breeder's association.

Money from this appropriation may, at the discretion of the commissioner, be used for demonstration or pilot programs for farm animal waste management techniques or facilities. This money may not be used for these programs unless the commissioner has notified the chairs of the legislative committees or divisions with jurisdiction over appropriations for environmental and natural resources activities.

The unencumbered balance on June 1, 1993, of amounts authorized under Laws 1992, chapter 513, article 2, section 6, subdivision 5, for legal challenges to discriminatory aspects of the federal milk market order system are transferred to the supreme court for the same purposes.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment.

Presented to the governor May 3, 1994

Signed by the governor May 5, 1994, 4:32 p.m.

CHAPTER 572—S.F.No. 2498

An act relating to retirement; offering options of coverage for employees of the higher education board upon merger of the state university system, community college board, and technical college board; directing a study of tax aspects of tax sheltered annuities; amending Minnesota Statutes 1992, sections 136E.04, by adding a subdivision; 354.66, subdivision 2; 354B.07, subdivision 1; and 354B.08; Minnesota Statutes 1993 Supplement, sections 352.01, subdivision 2b; 353.01, subdivision 2a; 354B.02, subdivision 3c; and 354B.05, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 136C; and 136E.

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

Section 1. [136C.75] TRANSFER OF RETIREMENT FUND MEMBER-

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SHIP FOR TECHNICAL COLLEGE EMPLOYEES; ELECTION TO RETAIN RETIREMENT FUND MEMBERSHIP.

A person who is employed by a technical college or by the technical college system on June 30, 1995, and who is transferred to state employment shall remain a member of the public employees retirement association or the Minneapolis employees retirement fund, whichever applies, unless the person affirmatively elects, in writing, retirement coverage by the general state employees retirement plan of the Minnesota state retirement system. The following provisions govern the election of a transfer or the retention of retirement benefit coverage:

(1) For a person who desires to transfer benefit coverage, the affirmative written election must be made within 120 days of the transfer of the employee to state employment.

(2) On behalf of transferred employees who retain retirement benefit coverage with the pre-transfer retirement plan, the higher education board shall make the applicable employer contributions to the public employees retirement association under section 353.27, subdivisions 3 and 3a, or the same percentage of covered payroll employer contribution to the Minneapolis employees retirement fund that special school district no. 1 is required to make for that school year under section 422A.101, subdivision 2.

(3) An employee who makes a retirement benefit coverage transfer election under this section may revoke that election at any time within the first six months after the person becomes a state employee. Once an employee revokes the retirement benefit coverage transfer election, the employee may not make another election. If the initial retirement benefit coverage transfer election is revoked, all retirement contributions made by or on behalf of the employee revoking a prior election must be transferred to the applicable retirement plan as though they were erroneous deductions or contributions, plus monthly interest at an annual rate of 8.5 percent, compounded monthly, and the balance remaining between any contribution amount transferred and the amount of contributions that otherwise would have been due are payable in the applicable proportions by the revoking employee and the higher education board, plus monthly interest at an annual rate of 8.5 percent, compounded monthly.

(4) The executive directors of the Minnesota state retirement system, the public employees retirement association, and the Minneapolis employees retirement fund, and the chancellor of the higher education system, shall confer and jointly adopt appropriate procedures for making the retirement benefit coverage transfer elections under this section.

(5) The executive directors of the public employees retirement association, the Minnesota state retirement system, and the Minneapolis employees retirement fund, whichever applies, shall, upon request, provide appropriate benefit counseling to applicable affected employees on the effect of electing retirement benefit coverage by the general state employees retirement plan of the Minnesota state retirement system.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 1992, section 136E.04, is amended by adding a subdivision to read:

Subd. 8. PENSION PLAN. Effective July 1, 1995, the board shall assume the administrative responsibility for the individual retirement account plans in chapter 354B formerly administered separately by the state university board and the community college board. The separate plans and the former plan administration must be merged into a single individual retirement account plan and plan administration covering eligible employees of the board, eligible employees of system institutions, and other eligible employee groups who are covered by the plan under section 354B.01.

Sec. 3. [136E.395] EARLY SEPARATION INCENTIVES.

Subdivision 1. EMPLOYER PARTICIPATION; HIGHER EDUCATION AGENCIES. (a) In order to minimize the disruptive effects of layoffs or reorganization attributable to the merger of the state universities, community colleges, and technical colleges, and the restructuring of the higher education coordinating board, employees of the higher education coordinating board, the state university, community college, and technical college systems, and employees of local school districts, joint technical districts, and intermediate districts assigned to a technical college position, who are employed in positions that are to be eliminated in the merger and restructuring, as certified by the chancellor of the higher education board or the executive director of the higher education coordinating board, are entitled to elect an early separation incentive set forth in subdivision 3.

(b) The higher education board and the higher education coordinating board must determine those specific positions to be permanently eliminated as part of the merger or restructuring and identify the employees who may elect one of the early separation incentives established by this section.

Subd. 2. ELIGIBILITY. A person employed by the employing units identified in subdivision 1 is eligible to elect the incentive if the person:

(1) is an employee of the higher education coordinating board, a state university, community college, or technical college, or an administrative employee of a local school district, joint technical district and intermediate district assigned to a technical college position whose position is to be eliminated;

(2) is at least age 55 but is not yet age 65;

(3) is employed in a permanent position and in active work status at the time the incentive is elected;

(4) upon retirement, termination, or separation is immediately eligible for a retirement annuity from a defined benefit Minnesota public employee pension plan or a distribution from a defined contribution Minnesota public employee pension plan;

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(5) retires, separates, or is terminated from an eligible position after June 30, 1994, but before July 1, 1996; and

(6) has been certified by the chancellor of the higher education board or the executive director of the higher education coordinating board as eligible to elect an early separation incentive.

Subd. 3. INCENTIVES. (a) Eligible employees may elect one of the following incentives but may not elect both.

(b) Retirement under this section means permanent separation or termination from employment with or under the control of the higher education board, the higher education coordinating board, or the higher education systems to be merged.

(c) Employees who separate, terminate, or retire with the early retirement incentive under paragraph (e) may not be rehired by the state in any employment position under the control of the higher education board or the higher education coordinating board.

(d) An eligible employee who receives a termination notice after the effective date of this section may elect to take a six-month retraining leave in order to complete a course of study that is approved by the higher education board or the higher education coordinating board and which is designed to prepare the employee to assume a faculty position at a state university, community college, or technical college. The retraining leave must be at the full salary level that the person received immediately before the termination notice, including fringe benefits. The leave must be completed no later than June 30, 1996. Employees who seek to return to teaching must satisfy the qualifications established by applicable collective bargaining agreements. Any subsequent faculty appointments must be in accordance with collective bargaining agreements and policies of the higher education board. The individual's pre-termination notice employment ceases at the conclusion of the retraining leave. Individual employee eligibility for severance payments must be made in accordance with the policies of the employing unit in effect at the time the incentive was elected. Notice of election of this incentive must be made before April 1, 1996, on forms prescribed by the higher education board.

(e) An eligible employee may elect the following instead of the incentive in paragraph (d):

(1) state-paid hospital, medical, and dental insurance to age 65. An employee who retires, is terminated, or is separated is eligible for single or dependent insurance coverages, whichever applies, and any employer payments to which the person was entitled immediately before retirement, termination, or separation subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans in positions equivalent to the position from which the employee retired, terminated, or separated. The employee is not eligible for employer-paid life insurance. If the employee is not yet age 65 at the time of retirement or separation, the employee is eligible for employer-paid insurance under the provisions of a personnel plan and has at least as many months service with the current employer and the number of months the individual is under age 65 at the time of retirement; and

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(2) if the eligible employee has at least 15 years of combined service credit in a Minnesota public pension plan, a one-time opportunity to purchase up to two years of service credit in or to make not more than two years of additional member contributions to the public pension plan that the employee is a member of at the time of retirement or separation as follows:

(i) Eligible employees may have the additional payment made on the basis of the employee's base salary in the year of separation as denoted in the salary schedule in the applicable employer personnel policy and at the rate and in the manner specified in section 352.04, 353.27, 354.42, or 354A.12, whichever applies. The employee payment must include interest at the rate of 8.5 percent. The employer shall make the required employer contribution and employer additional contribution to the retirement fund as specified in section 352.04, 353.27, 354.42, or 354A.12, whichever applies for an employee who elects this option. Both the required employee and employer payments must be made to the fund before the employee's date of retirement or separation, whichever is earlier.

(ii) Defined contribution plan members in plans established by chapter 352D or 354B must have additional employee and employer contributions made on the basis of the employee's base salary in the year of retirement as denoted in the salary schedule in the applicable employer personnel policy and at the rate and in the manner specified in section 352D.04, subdivision 2, or 354B.04, as applicable. The additional contributions must be made before the employee's date of retirement or separation, whichever is earlier.

Sec. 4. Minnesota Statutes 1993 Supplement, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** "State employee" does not include:

- (1) elective state officers;
- (2) students employed by the University of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board, or the state board for community colleges, as the case may be;
- (3) employees who are eligible for membership in the state teachers retirement association except employees of the department of education who have chosen or may choose to be covered by the Minnesota state retirement system instead of the teachers retirement association;
- (4) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;
- (5) officers and enlisted personnel in the national guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

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- (6) election officers;
- (7) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;
- (8) officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;
- (9) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the department of labor and industry;
- (10) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota veterans home;
- (11) persons employed for professional services where the service is incidental to regular professional duties and whose compensation is paid on a per diem basis;
- (12) employees of the Sibley House Association;
- (13) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the state agricultural society and its treasurer unless the treasurer is also its full-time secretary;
- (14) state troopers;
- (15) temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons employed at any time by the state fair administration for special events held on the fairgrounds;
- (16) emergency employees in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee shall be considered a "state employee" retroactively to the beginning of the pay period;
- (17) persons described in section 352B.01, subdivision 2, clauses (2) to (5);
- (18) temporary employees in the classified service, temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one-year period and seasonal help in the classified service employed by the department of revenue;
- (19) trainee employees, except those listed in subdivision 2a, clause (10);
- (20) persons whose compensation is paid on a fee basis;

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(21) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(22) employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(23) chaplains and nuns who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(24) examination monitors employed by departments, agencies, commissions, and boards to conduct examinations required by law;

(25) members of appeal tribunals, exclusive of the chair, to which reference is made in section 268.10, subdivision 4;

(26) persons appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

(27) temporary employees employed for limited periods under any state or federal program for training or rehabilitation including persons employed for limited periods from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(28) full-time students employed by the Minnesota historical society intermittently during part of the year and full-time during the summer months;

(29) temporary employees, appointed for not more than six months, of the metropolitan council and of any of its statutory boards, if the board members are appointed by the metropolitan council;

(30) persons employed in positions designated by the department of employee relations as student workers;

(31) members of trades employed by the metropolitan waste control commission with trade union pension plan coverage under a collective bargaining agreement first employed after June 1, 1977;

(32) persons employed in subsidized on-the-job training, work experience, or public service employment as enrollees under the federal Comprehensive Employment and Training Act after March 30, 1978, unless the person has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer

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additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

(33) off-duty peace officers while employed by the metropolitan transit commission under section 629.40, subdivision 5, or comparable statutory authority;

(34) persons who are employed as full-time police officers by the metropolitan transit commission and as police officers are members of the public employees police and fire fund;

(35) persons who are employed as full-time firefighters by the department of military affairs and as firefighters are members of the public employees police and fire fund; ~~and~~

(36) foreign citizens with a work permit of less than three years, or an H-1b/JV visa valid for less than three years of employment, unless notice of extension is supplied which allows them to work for three or more years as of the date the extension is granted, in which case they are eligible for coverage from the date extended; and

(37) persons who are employed by the higher education board and who elect to remain members of the public employees retirement association or the Minneapolis employees retirement fund, whichever applies, under section 136C.75.

Sec. 5. Minnesota Statutes 1993 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **INCLUDED EMPLOYEES.** Public employees whose salary from one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary of an employee is less than \$425 in a subsequent month, the employee retains membership eligibility. The following persons are considered public employees:

(1) employees whose annual salary from one governmental subdivision exceeds a stipulation prepared in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period expected to be of less than a full year's duration. If compensation from one governmental subdivision to an employee under this clause exceeds \$5,100 per calendar year or school year after being stipulated in advance not to exceed that amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the month in which the employee's salary first exceeded \$425;

(2) employees whose total salary from concurrent nontemporary positions in one governmental subdivision exceeds \$425 in any month;

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(3) elected officers for service to which they were elected by the public-at-large, or persons appointed to fill a vacancy in an elective office, who elect to participate by filing an application for membership, but not for service on a joint or regional board that is a governmental subdivision under subdivision 6, paragraph (a), unless the salary earned for that service exceeds \$425 in any month. The option to become a member, once exercised, may not be withdrawn during the incumbency of the person in office;

(4) members who are appointed by the governor to be a state department head and elect not to be covered by the Minnesota state retirement system under section 352.021;

(5) employees of elected officers;

(6) persons who elect to remain members under section 136C.75, or 480.181, subdivision 2;

(7) employees of a school district who receive separate salaries for driving their own buses;

(8) employees of the Minnesota association of townships when the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case coverage of all employees of the association is permanent;

(9) employees of a county historical society who are county employees;

(10) employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b; and

(11) employees who became members before July 1, 1988, based on the total salary of positions held in more than one governmental subdivision.

Sec. 6. Minnesota Statutes 1992, section 354.66, subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary schools, secondary schools, or technical colleges or in the community college system or the state university system of the state who has 20 years or more of allowable service in the fund or 20 years or more of full-time teaching service in Minnesota public elementary schools, secondary schools, or technical colleges or in the community college system or the state university system, or a teacher in the technical college system, community college system, or state university system who has attained at least age 55 and has ten years or more of allowable service in the fund or ten years or more of full-time teaching service as described in this subdivision, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position.

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Sec. 7. Minnesota Statutes 1993 Supplement, section 354B.02, subdivision 3c, is amended to read:

Subd. 3c. **HIGHER EDUCATION BOARD EMPLOYEES.** Employees in covered employment under section 354B.01, subdivision 6, may elect coverage under the plan. Election to participate in the plan must be made by December 31, 1993, or within 120 days of the start of covered employment, whichever is later, and is irrevocable during any period of covered employment in a position listed in section 352D.02, subdivision 1, paragraph (b), clause (14), which is established by the higher education board or the higher education facilities authority. These employees are ~~not~~ also eligible for the supplemental retirement plan specified in sections 354B.07 to 354B.09.

Sec. 8. Minnesota Statutes 1993 Supplement, section 354B.05, subdivision 1, is amended to read:

Subdivision 1. **GOVERNING BOARDS.** The state university board or any successor board shall administer the plan for persons in covered employment under section 354B.01, subdivisions 2, 4, and 5. The community college board or any successor board shall administer the plan for persons in covered employment under section 354B.01, subdivision 3.

Sec. 9. Minnesota Statutes 1992, section 354B.07, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT AND ELIGIBILITY.** (a) **REGULAR UNCLASSIFIED EMPLOYEES.** The supplemental retirement plan for personnel employed by the state university board ~~and~~ the state board for community colleges, the higher education board, and effective July 1, 1995, the technical colleges, who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full-time contract is governed by this section.

(b) **CETA UNCLASSIFIED EMPLOYEES.** An unclassified employee employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience, or public service employment as an enrollee under the federal Comprehensive Employment and Training Act is not included in the supplemental retirement plan provided for in this section after March 30, 1978, unless the unclassified employee has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by this section on account of that unclassified employee from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the unclassified employee agrees in writing to make the employer contribution required by this section in addition to the member contribution.

Sec. 10. Minnesota Statutes 1992, section 354B.08, is amended to read:

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354B.08 SALARY DEDUCTIONS, MATCHING FUNDS.

Subdivision 1. **DEDUCTIONS AND CONTRIBUTIONS.** (a) **BASIC DEDUCTIONS AND CONTRIBUTIONS FOR STATE UNIVERSITIES AND COMMUNITY COLLEGES.** The state university board and the state board for community colleges shall deduct from the salary of each eligible person described in section 354B.07 a sum equal to five percent of the person's annual salary paid between \$6,000 and \$15,000. The deduction must be made in the same manner as other retirement deductions are made from the salary of the person. The employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person.

(b) **BASIC DEDUCTIONS AND CONTRIBUTIONS FOR TECHNICAL COLLEGES.** Effective July 1, 1995, unclassified employees of the technical colleges are eligible for participation in the supplemental retirement plan on the same basis as employees in paragraph (a) for the basic deductions and contributions.

(c) **ADDITIONAL DEDUCTIONS AND CONTRIBUTIONS.** If an agreement is made under section 356.24 for additional employer contributions, an amount equal to the additional employer contribution must be deducted from the person's annual salary above \$15,000 as specified in this subdivision. Two percent of the amount of the salary deductions and employer contributions may be used by the state university board and the state board for community colleges boards for payment of necessary and reasonable administrative expenses.

Subd. 2. **ADMINISTRATION.** (a) The chancellor of the state university system and the chancellor of the state community college system shall administer the supplemental retirement plan for their employees. The chancellors shall invest contributions made under this section, less amounts used for administrative expenses, as authorized by law. The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the chancellors are owned by the plan and must be paid in accordance with the annuity contracts or custodial accounts.

(b) Effective July 1, 1995, administration of the plan must transfer to the higher education board.

Sec. 11. EXISTING PENSION; RETIREMENT; OR SEPARATION OBLIGATIONS.

(a) Obligations incurred by a school board, a joint vocational district under Minnesota Statutes, section 136C.60, or an intermediate school district under Minnesota Statutes, chapter 136D, before July 1, 1995, for retired employees who were primarily employed in a technical college at the time of retirement transfer to the higher education board on July 1, 1995. Obligations incurred on or after June 30, 1994, for retired employees who were primarily employed in a technical college at the time of retirement and are not covered by a collective

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bargaining agreement negotiated under Minnesota Statutes, chapter 179A, transfer only if approved by the higher education board.

(b) Pension, retirement, or separation obligations incurred by a school board, a joint vocational district under Minnesota Statutes, section 136C.60, or an intermediate school district under Minnesota Statutes, chapter 136D, which are not satisfied on or before June 30, 1995, on behalf of a technical college must transfer to the higher education board, subject to limits identified in state law or in plans or policies subject to legislative approval.

Sec. 12. STUDY OF IMPLICATIONS OF EMPLOYER MATCHING CONTRIBUTIONS TO SECTION 403(b) PLANS.

The legislative commission on pensions and retirement shall study whether pension provisions of federal tax laws apply to employer matching contributions to tax sheltered annuity contracts qualified under section 403(b) of the federal Internal Revenue Code, as permitted under Minnesota Statutes 1993 Supplement, section 356.24. The commission shall report the results of the study and any proposed legislation to the chairs of the committee on government operations and gaming and the committee on ways and means of the house of representatives and the committee on government operations and reform and the committee on finance of the senate by January 15, 1995.

Sec. 13. EFFECTIVE DATE.

Sections 1, 2, 4 to 6 and 8 to 11 are effective July 1, 1995.

Sections 3 and 7 are effective July 1, 1994.

Presented to the governor May 3, 1994

Signed by the governor May 5, 1994, 3:30 p.m.

CHAPTER 573—H.F.No. 2227

An act relating to electric currents in earth; requiring the public utilities commission to appoint a team of science advisors; mandating scientific framing of research questions; providing for studies of stray voltage and the effects of earth as a conductor of electricity; requiring scientific peer review of findings and conclusions; providing for a report to the public utilities commission; appropriating money.

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

Section 1. TEAM OF SCIENCE ADVISORS.

Subdivision 1. CREATION. The public utilities commission shall, based on its judgment of persons suitable for the positions, appoint a team of science

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